(A free translation of the original in Portuguese)

São Martinho S.A. and Subsidiaries

Financial Statements at March 31, 2010 and 2009 and Report of Independent Auditors

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Report of Independent Auditors

To the Board of Directors and Stockholders
São Martinho S.A.

1 We have audited the accompanying balance sheet of São Martinho S.A. ("parent company") and the consolidated balance sheet of São Martinho S.A. and its subsidiaries ("consolidated") as of March 31, 2010, and the related statements of income, of changes in stockholders' equity, of cash flows and of value added of São Martinho S.A., as well as the related consolidated statements of income, of cash flows and of value added for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements.

2 We conducted our audit in accordance with approved Brazilian auditing standards, which require that we perform the audit to obtain reasonable assurance about whether the financial statements are fairly presented in all material respects. Accordingly, our work included, among other procedures: (a) planning our audit taking into consideration the significance of balances, the volume of transactions and the accounting and internal control systems of the companies, (b) examining, on a test basis, evidence and records supporting the amounts and disclosures in the financial statements, and (c) assessing the accounting practices used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

3 In our opinion, the financial statements audited by us present fairly, in all material respects, the financial position of São Martinho S.A. and of São Martinho S.A. and its subsidiaries at March 31, 2010, and the results of operations, the changes in stockholders' equity, cash flows and value added of the parent company for the year then ended, as well as the consolidated results of operations, cash flows and value added to the operations for the year then ended, in accordance with accounting practices adopted in Brazil.

4 The accounting practices adopted in Brazil (BR GAAP) differ from International Financial Reporting Standards (IFRS) in certain important aspects. The information on the nature and effects of these differences identified by management is presented in Note 31 to the financial statements.

(A free translation of the original in Portuguese)

5 The audit of the financial statements, parent company and consolidated, for the year ended March 31, 2009, presented for comparison purposes, was conducted by other independent auditors who issued an unqualified opinion thereon dated May 22, 2009.

[redacted], except for Note 31 whose date is July 30, 2010.

[redacted]
Auditores Independentes
CRC 2SP000160/O-5

Maurício Cardoso de Moraes
Contador CRC 1PR035795/O-1 "T" SP

São Martinho S.A. and Subsidiaries

Balance Sheets at March 31

In thousands of reais

(A free translation of the original in Portuguese)

Assets	**Note**	**Parent Company 2010**	**Parent Company 2009**	**Consolidated 2010**	**Consolidated 2009**
Current assets					
Cash and cash equivalents	4	24.200	28.676	130.634	190.063
Trade accounts receivable	5	10.956	9.980	41.628	45.544
Derivative financial instruments	26	32.469	942	58.984	6.110
Inventories	6	49.088	63.264	218.183	296.404
Taxes recoverable	7	15.776	13.862	71.774	52.972
Dividends receivable		10.329			
Other assets	9	1.449	2.641	6.086	10.900
		144.267	119.365	527.289	601.993
Non-current assets					
Long-term receivables					
Related parties	8	9.118	16.420	211	3.424
Deferred income tax and social contribution on net income	22	39.525	36.066	112.147	130.973
Trade accounts receivable - Copersucar		1.073	6.435	4.020	24.092
Taxes recoverable	7	6.195	8.158	47.390	67.578
Other assets	9	4	4	191	839
		55.915	67.083	163.959	226.906
Investments					
In subsidiaries	10	1.202.539	1.101.249		
Other investments		3.430	3.430	3.540	3.482
Property, plant and equipment	11	605.151	599.306	2.548.422	2.481.605
Intangible assets	12	208	262	37.167	37.887
Deferred charges	13			40.177	42.819
		1.867.243	1.771.330	2.793.265	2.792.699
Total assets		2.011.510	1.890.695	3.320.554	3.394.692

Liabilities and stockholders' equity	**Note**	**Parent Company 2010**	**Parent Company 2009**	**Consolidated 2010**	**Consolidated 2009**
Current liabilities					
Loans and financing	14	87.811	87.054	326.746	401.115
Derivative financial instruments	26	250		580	6.269
Suppliers	15	16.985	16.916	74.172	76.150
Payables to Copersucar	16	589	589	2.203	2.203
Salaries and social charges		9.036	7.300	41.546	34.932
Taxes payable		3.005	4.286	16.602	9.704
Related parties	8	3.944	15.632	123	3.277
Dividends payable		6.469		6.469	
Other liabilities	18	2.276	7.485	13.353	25.858
		130.365	139.262	481.794	559.508
Non-current liabilities					
Long-term liabilities					
Loans and financing	14	46.910	41.099	628.393	730.486
Payables to Copersucar	16	51.229	57.507	194.042	216.369
Taxes payable in installments	17	14.371	8.963	47.213	8.963
Deferred income tax and social contribution on net income	12	64.627	56.163	224.847	208.477
Provision for contingencies	25	11.799	8.839	39.309	74.127
Other liabilities	18	1.454	2.160	15.538	3.318
		190.390	174.731	1.149.342	1.241.740
Minority interest					18.243
Stockholders' equity	19				
Capital		360.000	360.000	360.000	360.000
Revaluation reserves		1.068.202	1.117.599	1.068.202	1.117.599
Carrying value adjustments		45.821		45.821	
Revenue reserves		218.631	101.002	217.294	99.501
Treasury stock		(1.899)	(1.899)	(1.899)	(1.899)
		1.690.755	1.576.702	1.689.418	1.575.201
Total liabilities and stockholders' equity		2.011.510	1.890.695	3.320.554	3.394.692

The accompanying notes are an integral part of these financial statements.

São Martinho S.A. and Subsidiaries

Statements of Income
Years Ended March 31
In thousands of reais, unless otherwise indicated (A free translation of the original in Portuguese)

	Note	Parent Company 2010	Parent Company 2009	Consolidated 2010	Consolidated 2009
Gross sales revenues					
Domestic market		180.191	168.645	657.291	591.344
Foreign market		112.024	34.878	624.858	276.285
		292.215	203.523	1.282.149	867.629
Gross sales deductions		(24.377)	(25.080)	(98.863)	(93.186)
Net sales revenues		267.838	178.443	1.183.286	774.443
Cost of sales		(220.552)	(161.337)	(916.546)	(637.041)
Gross profit		47.286	17.106	266.740	137.402
Operating income (expenses)					
Selling		(9.649)	(3.162)	(61.453)	(34.979)
General and administrative		(21.756)	(23.307)	(88.882)	(100.176)
Management fees		(5.060)	(4.734)	(10.562)	(8.472)
Other operating income (expenses), net	27	(3.921)	16.738	5.917	46.898
		(40.386)	(14.465)	(154.980)	(96.729)
Operating profit before results from investments and financial results		6.900	2.641	111.760	40.673
Results from investments	10.1				
Equity in the earnings (loss) of subsidiaries		90.336	(61.539)		
Capital gain due to change in ownership interest		12.885			
		103.221	(61.539)		
Financial result	28				
Financial income		41.711	16.424	104.629	52.431
Financial expenses		(76.239)	(31.318)	(171.209)	(154.748)
Monetary and foreign exchange variations, net		8.788	(4.589)	83.297	(70.172)
		(25.740)	(19.483)	16.717	(172.489)
Profit (loss) before taxation		84.381	(78.381)	128.477	(131.816)
Income tax and social contribution on net income	22(b)				
Current				(21.014)	(954)
Deferred		8.651	8.017	(11.181)	54.510
Net income (loss) before minority interest		93.032	(70.364)	96.282	(78.260)
Minority interest				(3.086)	6.395
Net income (loss) for the year		93.032	(70.364)	93.196	(71.865)
Outstanding shares at the end of the year (in thousands)		112.861	112.861		
Net income (loss) per thousand shares at the end of the year - R$		0,82	(0,62)		

The accompanying notes are an integral part of these financial statements.

São Martinho S.A.

Statements of Changes in Stockholders' Equity

In thousands of reais (A free translation of the original in Portuguese)

	Note	Capital	Revaluation reserves: Own	Revaluation reserves: Subsidiaries	Carrying value adjustments: Own	Carrying value adjustments: Subsidiaries	Revenue reserves: Legal	Revenue reserves: Capital budget	Revenue reserves: Additional dividend proposed	Treasury stock	Retained earnings	Total
At March 31, 2008		360.000	378.401	783.445			5.079	97.656			24.384	1.648.965
Realization of revaluation reserve	19(c)		(12.044)	(32.203)							44.247	
Loss for the year											(70.364)	(70.364)
Offset of losses against revenue reserve								(1.733)			1.733	
Purchase of own shares	19(b)									(1.899)		(1.899)
At March 31, 2009		360.000	366.357	751.242			5.079	95.923		(1.899)		1.576.702
Realization of revaluation reserve	19(c)		(14.614)	(34.783)							49.397	
Gain on derivative transactions - hedge accounting	26				25.458	20.363						45.821
Net income for the year											93.032	93.032
Appropriations of net income:												
Reserves	19(d)						4.652	104.139			(108.791)	
Minimum mandatory dividend	19(e)										(6.469)	(6.469)
Additional dividend proposed	19(e)								8.838		(8.838)	
Payment of interest on own capital	19(e)										(18.331)	(18.331)
At March 31, 2010		360.000	351.743	716.459	25.458	20.363	9.731	200.062	8.838	(1.899)		1.690.755

The accompanying notes are an integral part of these financial statements.

São Martinho S.A. and Subsidiaries

Statements of Cash Flows
Years ended March 31
In thousands of reais (A free translation of the original in Portuguese)

	Parent Company		Consolidated	
	2010	**2009**	**2010**	**2009**
Cash flows from operating activities				
Net income (loss) for the year	93.032	(70.364)	93.196	(71.865)
Adjustments				
Depreciation and amortization	61.274	47.855	261.838	202.506
Equity in the (earnings) loss of subsidiaries	(90.336)	61.539		
Capital gain due to change in ownership interest	(12.885)			
Residual cost of investments and property, plant and equipment disposals	1.161	346	3.017	14.375
Interest, monetary and foreign exchange variations, net	20.801	21.507	(27.237)	205.924
Recording of provision for contingencies, net	2.163	3.398	8.008	12.252
Deferred income tax and social contribution on net income	(8.110)	(8.017)	11.591	(54.191)
Recording (reversal) of provision for inventory losses		6.984	(6.313)	6.622
Effects from the enrollment in REFIS - Law 11941	5.358		(3.659)	
Minority interest			3.086	(6.395)
Adjustment to present value and others	1.404	1.664	2.946	4.544
	73.862	64.912	346.473	313.772
Changes in assets and liabilities				
Trade accounts receivable	(1.026)	24.251	3.178	46.432
Inventories	14.127	(24.211)	79.916	(92.641)
Taxes recoverable	93	(5.542)	2.833	(60.558)
Related parties	7.561	1.517	59	(391)
Assets held for sale			(115)	15.764
Derivative financial instruments	(12.214)	(942)	(4.488)	159
Other assets	6.554	(5.517)	25.014	(12.785)
Suppliers	69	5.532	(2.168)	20.422
Salaries and social charges	1.321	2.281	3.932	11.774
Taxes payable	1.219	1.597	25.984	415
Taxes payable in installments	(878)	(1.142)	(335)	(2.555)
Provision for contingencies	(1.323)	(2.604)	(7.581)	(15.468)
Other liabilities	(5.915)	9.501	(378)	25.999
Cash from operations	83.450	69.633	472.324	250.339
Interest paid	(10.705)	(5.972)	(39.618)	(48.259)
Income tax and social contribution on net income paid	(3.090)	(1.343)	(21.163)	(4.658)
Net cash provided by operating activities	69.655	62.318	411.543	197.422

São Martinho S.A. and Subsidiaries

Statements of Cash Flows
Years ended March 31
In thousands of reais **(continued)**

	Parent Company		Consolidated	
	2010	2009	2010	2009
Cash flows from investing activities				
Investments		(3.390)	(22.460)	(3.315)
Additions to property, plant and equipment, intangible assets and deferred charges	(67.976)	(57.649)	(321.492)	(431.960)
Receipt of loans to related parties	3.275			
Interest on own capital received	11.965			
Net cash used in investing activities	(52.736)	(61.039)	(343.952)	(435.275)
Cash flows from financing activities				
Financing obtained - third parties	135.000	80.621	610.008	774.480
Repayment of financing - Copersucar	(7.324)	(27.858)	(26.491)	(102.615)
Repayment of financing - third parties	(113.642)	(44.024)	(692.206)	(331.611)
Payment of dividends and interest on own capital	(18.331)		(18.331)	
Net repayment of loans from related parties	(17.098)			
Treasury stock		(1.899)		(1.899)
Minority interest				17.027
Net cash provided by (used in) financing activities	(21.395)	6.840	(127.020)	355.382
Increase (decrease) in cash and cash equivalents	(4.476)	8.119	(59.429)	117.529
Cash and cash equivalents at the beginning of the year	28.676	20.557	190.063	72.534
Cash and cash equivalents at the end of the year	24.200	28.676	130.634	190.063
Additional information				
Payables to suppliers for purchases of property, plant and equipment	5.032	3.839	30.768	20.331

The accompanying notes are an integral part of these financial statements.

São Martinho S.A. and Subsidiaries

Statements of Value Added
Years Ended March 31

In thousands of reais (A free translation of the original in Portuguese)

	Parent Company		Consolidated	
	2010	**2009**	**2010**	**2009**
Income				
Products and goods sold - gross	292.109	203.628	1.279.697	867.687
Income from the construction of own assets	40.687	36.793	196.491	172.673
Other income	3.219	16.633	5.650	67.088
	336.015	257.054	1.481.838	1.107.448
Inputs acquired from third parties				
Cost of products and goods sold	(67.831)	(45.119)	(362.609)	(223.444)
Materials, energy, outsourced services and others	(114.965)	(73.290)	(438.668)	(300.425)
Recovery (impairment) of assets	12.885		4.879	(9.535)
	(169.911)	(118.409)	(796.398)	(533.404)
Gross value added	166.104	138.645	685.440	574.044
Depreciation and amortization	(61.274)	(47.855)	(261.838)	(202.506)
Net value added generated by the entity	104.830	90.790	423.602	371.538
Value added received through transfer				
Equity in the earnings (loss) of subsidiaries	90.336	(61.539)		
Financial income	67.053	21.073	270.851	97.084
Other	80	157	1.845	445
Total value added to distribute	262.299	50.481	696.298	469.067
Distribution of value added				
Personnel and payroll charges				
Direct remuneration	46.282	35.932	182.816	143.614
Benefits	11.363	12.305	51.092	50.488
Government Severance Indemnity Fund for Employees (FGTS)	4.138	3.492	15.112	12.197
Management fees	5.060	4.734	10.562	8.472
Taxes and contributions				
Federal	8.185	13.569	65.642	14.946
State	603	10.372	22.461	50.708
Municipal	33	8	261	156
Less: tax incentives			(9.581)	(4.626)
Creditors				
Interest	15.313	18.335	70.106	103.648
Rentals	229	79	503	810
Foreign exchange variations	16.554	9.238	82.925	114.825
Other	61.507	12.781	108.117	52.089
Interest on own capital	18.331		18.331	
Dividends	6.469		6.469	
Profits retained (loss) for the year	68.232	(70.364)	68.396	(71.865)
Minority interest			3.086	(6.395)
Value added distributed	262.299	50.481	696.298	469.067

The accompanying notes are an integral part of these financial statements.

1 OPERATIONS

1.1 Operations

São Martinho S.A. (the "Company") and its subsidiaries are primarily engaged in planting sugar cane and producing and selling sugar, ethanol and other sugar cane products; cogeneration of electricity; cattle breeding and agricultural production; import and export of goods, products and raw materials and investment in other companies.

Approximately 67% (59% - consolidated) of sugar cane used in the production of the products derives from the Company's own plantations, from that of stockholders, related companies and agricultural partnerships, and the remaining 33% (41% - consolidated) from third-party suppliers.

Sugar cane requires an 18-month period for maturing and for the beginning of the harvest, which generally takes place between April and December, when sugar and ethanol are also produced.

The sale of sugar and ethanol is performed through a consortium agreement with USJ Açúcar e Álcool S.A. ("USJ") and Santa Cruz S.A. Açúcar e Álcool ("SC") denominated Allicom Consortium. The costs, expenses and obligations arising from consortium operations are assumed by the members proportionally to their percentage interest in the volume sold through Allicom - Note 1.4.

As part of its strategic objectives, the Company maintains investments in the following subsidiaries - Notes 3 and 10.1:

- Usina São Martinho S.A. ("USM");
- Usina Boa Vista S.A. ("UBV"); and
- Omtek Indústria e Comércio Ltda. ("Omtek);

1.2 Acquisition by USM of the investment held by Mitsubishi Corporation in UBV

On November 24, 2009, USM acquired 24,199,999 common shares of UBV from Mitsubishi Corporation ("MC"), thus increasing its ownership interest in UBV's capital stock to 51.55% (and to 100% on a consolidated basis), for R$ 24,329, of which R$ 7,036 was paid on signing the agreement and R$ 17,293 to be paid over a five-year period, with a total goodwill of R$ 3,000.

The balance payable will be restated based on the variation of the U.S. dollar, plus interest of approximately 3% p.a.

The goodwill paid by USM was reduced by R$ 1,823, with a corresponding adjustment to the present value of the balance payable to MC, and the remaining amount was fully attributed to the excess value of the inventory of ethanol at UBV.

1.3 Agreement for the formation of a joint venture with Amyris Biotechnologies

On April 14, 2010, USM announced an agreement with Amyris Biotechnologies and its Brazilian subsidiary Amyris Brasil to form a joint venture to manufacture chemicals and biofuels from sugar cane by using Amyris technology in 2012.

The start of the construction of the chemical plant depends on the required environmental licenses being obtained and other conditions being met by December 31, 2010.

1.4 Allicom Consortium agreement

On September 22, 2008, the Company and its subsidiaries USM and UBV, together with USJ and SC, entered into an agreement for the establishment of the Allicom Consortium. This consortium is responsible for the operating aspects of the sale of sugar and ethanol for its members, such as negotiating prices, terms, and volumes of products, carrying out sugar and ethanol hedge transactions under the individual strategic guidance of each member, and seeking to identify business opportunities to sell the members' production, both in the domestic market and abroad. Each member is responsible for the direct management of its sales agreements.

The consortium is managed by an Executive Board consisting of one representative of each consortium member and it does not have its own assets and liabilities.

1.5 Capital increase and holding in UBV

At the Board of Directors’ Meeting held on February 26, 2010, the increase of R$ 172,288 in UBV’s capital was approved, through the subscription of 172,288,000 new common shares, increasing the subsidiary’s capital from R$ 242,000 to R$ 414,288. The payment was made by USM through the capitalization of advances for future capital increase.

All amounts in thousands of reais, unless otherwise indicated

As a result of this alteration, the Company reduced its holding in UBV from 48.45% to 28.30%. This decrease in the percentage holding generated a gain calculated based on the accumulated losses of UBV up to March 31, 2009, of R$ 12,885, recorded in Results from investments, and calculated as follows:

Company's holding in UBV at March 31, 2009	48,45%
Company's holding in UBV at March 31, 2010	28,30%
Loss of holding due to non-payment of capital	20,15%
UBV's losses up to March 31, 2009	(63.955)
Gain arising from the decrease in holding in UBV	12.885

However, the percentage holding in the consolidated financial statements was not altered.

2 PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Presentation of the financial statements

These financial statements were approved by the Company's Board of Directors on June 28, 2010, except for Note 31 which was approved by the Company’s Board of Directors on July 30, 2010.

The financial statements were prepared and are being presented in accordance with accounting practices adopted in Brazil, based on the provisions of Brazilian Corporation Law and the rules of the Brazilian Securities Commission (CVM).

The main accounting practices adopted in the preparation of these financial statements are those applicable to financial statements for the year ended March 31, 2010, which will differ from the practices to be used for the preparation of financial statements for the year ending March 31, 2011, as described in item 2.3 below.

The preparation of financial statements requires the use of estimates to record certain assets, liabilities, revenues and expenses. The Company's financial statements therefore include estimates related to the selection of the useful lives of property, plant and equipment, provisions for contingent liabilities, income tax and other similar liabilities. The actual results may differ from those estimated.

2.2 Description of the significant accounting practices adopted

(a) Cash and cash equivalents

These comprise cash, bank deposits and short-term investments with high liquidity and original maturities of three months or less, which are readily convertible into known amounts of cash and are subject to immaterial risk of change in value.

(b) Financial instruments

(i) Classification and measurement

The Company classifies its financial assets according to the following categories: measured at fair value through income, loans and receivables, held-to-maturity and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial assets at the time they are initially recorded.

Financial assets measured at fair value through income

These are financial assets held for active and frequent trading. Derivatives are also classified as held for trading and included in the category, unless they have been designated as hedge instruments. All financial assets in this category are classified as current assets. Gains or losses arising from changes in the fair value of financial assets measured at fair value through income are recorded in the statement of operations as financial income or expense in the period they occur, unless the instrument has been contracted in connection with another instrument. In this case, the variations are recognized in the same line item in the statement of income as that affected by this other instrument.

Loans and receivables

These comprise loans granted and non-derivative receivables with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in current assets or non-current assets, depending on whether they fall due within or after 12 months from the balance sheet date. The Company's loans and receivables comprise loans granted to related parties, trade accounts receivable, other accounts receivable and cash and cash equivalents, except for certain short-term investments. Loans and receivables are recorded at amortized cost, based on the effective interest rate method.

Assets held to maturity

These are basically financial assets that cannot be classified as loans and receivables, because they are quoted in an active market. These financial assets are acquired with the intention and financial ability of being held up to their maturity. They are recorded at acquisition cost, plus accrued income under the effective interest rate method, recorded in income for the year.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives classified in this category or those which are not classified in any other. They are included in non-current assets, unless management intends to sell the asset within 12 months after the balance sheet date. Available-for-sale financial assets are recorded at fair value. Interest on available-for-sale securities, calculated based on the effective interest rate method, is recognized in the statement of operations as financial income. The amount relating to the changes in fair value is recorded in stockholders' equity, in Carrying value adjustments, and is recognized in the statement of income when the asset is sold or becomes permatelly impaired.

Fair value

Fair values of investments with publicly-available quotations are based on current purchase prices. For financial assets without an active market or public quotation, the Company determines fair value through valuation techniques, which use recent transactions with third parties, references to other substantially similar instruments, discounted cash flow analyses and option pricing models which preferentially use information from external sources rather than internally-generated data.

The Company evaluates, at the balance sheet date, if there is objective evidence that a financial asset or a group of financial assets is impaired in relation to its recoverable value.

(ii) Derivative instruments and hedge activities

Initially, derivatives are recognized at fair value when the derivative agreement is signed and are subsequently remeasured at fair value, with the changes in fair value included in the statement of income, except when the derivative is designated as a cash flow hedge.

Although the Company and its subsidiaries used derivatives for protection up to February 2010, they did not record them under hedge accounting principles, accordingly, the changes in fair value were included directly in the statement of income as financial income or expense. As from March 2010, the Company and its subsidiaries started to apply hedge accounting for the derivatives designated as such category.

The hedge accounting transactions follow the risk policy approved by management of the Company and its subsidiaries and are subject to periodic effectiveness tests, retrospectively and prospectively. Only the derivatives designated for hedging, aligned in relation to term, value and nature of risk and proven effective, have their potential results recorded in a specific account in stockholders' equity ("Carrying value adjustments"), net of deferred income tax and social contribution on net income.

In the settlement of these cash flow hedge accounting transactions, the effects are recorded in the statement of income in "Gross sales revenues", to minimize the unwanted variations in the hedged object.

The fair value of derivative instruments is disclosed in Note 26.

(c) Trade accounts receivable

Trade accounts receivable are initially stated at present value, net of the allowance for doubtful accounts, when applicable. The allowance for doubtful accounts is established when there is objective evidence that the company will not be able to realize the amounts due under the original terms of the accounts receivable. The amount of the allowance is the difference between the book value and the recoverable value.

Accounts receivable in the foreign market are adjusted by the foreign exchange variation calculated on the balance sheet date.

(d) Inventories

Inventories are stated at average purchase or production cost, adjusted by the provision for reduction to replacement and/or realizable values, when necessary. The cost of finished products comprises expenses incurred on purchase and general production expenses. Costs incurred in maintenance of sugar cane crops are included as crop treatment costs, in "Sugar cane - crops" and are transferred to cost of products upon harvesting the related crop.

(e) Deferred income tax and social contribution on net income

Deferred taxes are calculated on income tax and social contribution losses and on temporary differences between the tax calculation bases of assets and liabilities and the respective book values in the financial statements. The current tax rates of 25% for income tax and 9% for social contribution are used to calculate deferred taxes (Note 22).

Deferred tax assets are recognized to the extent that it is probable that sufficient future taxable income will be available to offset the temporary differences and/or tax losses, considering projections of future profitability based on internal assumptions and future economic scenarios which may, therefore, suffer changes.

(f) Judicial deposits

Judicial deposits are monetarily restated and presented as a deduction from the corresponding liability when there is no possibility of redemption, unless a favorable outcome for the entity is received for the dispute.

(g) Investments

Significant investments in subsidiaries (in which the Company has significant influence) are recorded on the equity accounting method, based on the financial statements prepared as of the same base date as the Company’s financial statements, as stated in Note 10.

(h) Property, plant and equipment

Property, plant and equipment is recorded at purchase on construction cost, increased by revaluation surpluses of land, buildings, vehicles and industrial and agricultural equipment and facilities. Depreciation is calculated on the straight-line method at the average annual rates mentioned in Note 11. Depreciation of the costs to grow sugar cane crops is calculated on the straight-line method considering an average estimated useful life of five to seven years, after the beginning of the cuttings.

Maintenance costs that extend the useful lives of property, plant and equipment items are capitalized and items that suffer wear and tear during the crop are recorded as assets when replaced, and are depreciated during the subsequent crop period. Maintenance costs that do not extend the useful lives of the assets are recognized as expenses when incurred.

The costs of loans and financing used to finance the construction of property, plant and equipment are capitalized during the period necessary to construct and prepare the asset for its intended use.

(i) Intangible assets

Intangible assets are stated at cost of acquisition and amortized on the straight-line method based on their estimated utilization period and future benefits. Goodwill attributed to future profitability was amortized up to March 31, 2009 based on projections of future profitability relating to these acquisitions, and will no longer be amortized. Goodwill relating to other assets is amortized based on their realization.

(j) Deferred charges

These comprise pre-operating expenses incurred in the construction of the UBV plant. Deferred charges are amortized over ten years, in proportion to the use of the production capacity expected for the period.

(k) Impairment of assets

Property, plant and equipment and other non-current assets, including goodwill and intangible assets, are reviewed annually to identify evidence of impairment, and also whenever events or changes in circumstances indicate that the book value may not be recoverable. In this case, the recoverable value is calculated to verify if there is any loss. In the event of loss, it is recognized at the amount by which the book value of the asset exceeds its recoverable value, which is the higher between the net sales price and the value in use of an asset. For evaluation purposes, assets are grouped at the lowest level for which there are separately identifiable cash flows.

(l) Leases

Financial lease agreements are recorded as property, plant and equipment and loan and financing liabilities at the lower of the present value of the mandatory minimum installments of the lease agreement or the fair value of the asset, plus any initial direct costs incurred in the transaction, when applicable. Operating lease agreements are recorded in the statement of income on a systematic basis representing the period in which the benefit on the leased asset is obtained.

(m) Provisions

Provisions are recognized when the Company has a legal or informal present obligation as a result of past events, it is probable that funds will be used to settle the obligation, and a reliable estimate of the amount can be made. The provisions for contingencies are recorded at updated amounts for tax, civil and labor contingencies, based on the estimates of unfavorable outcomes established by the Company’s legal advisors.

(n) Loans and financing

Loans and financing are initially recognized at fair value, upon receipt of the funds, net of transaction costs. Subsequently, the loans and financing are presented at amortized cost, that is, plus charges and interest in proportion to the period elapsed ("pro rata temporis").

(o) Other current and non-current assets and liabilities

Other assets are stated at cost or realizable values including, when applicable, income and monetary and foreign exchange variations. Other liabilities are stated at known or estimated amounts including, when applicable, interest, charges and monetary and foreign exchange variations.

(p) Foreign currency translation

Transactions in foreign currency are translated into reais using the exchange rates on the transaction dates. Balance sheet account balances are translated at the exchange rate in effect on the balance sheet date. Foreign exchange gains and losses resulting from the settlement of these transactions and from the translation of monetary assets and liabilities denominated in foreign currency are recognized in the statement of income.

(q) Revenue recognition and determination of net income

Sales revenue comprises the amount billed for the sale of products and is recognized when the significant risks and benefits of ownership of the products are transferred to the purchaser.

Interest income is recognized in proportion to the time elapsed, taking into consideration the outstanding principal and the effective rate during the period up to maturity, when this income will be credited to the Company.

Other income, costs of sales and expenses are also recognized on the accrual basis of accounting.

2.3 Accounting pronouncements and interpretations of standards that are not yet effective

The accounting pronouncements and interpretations of standards listed below were published and are mandatory for years beginning after April 1, 2010. In addition, other pronouncements and interpretations were also published, which alter the accounting practices adopted in Brazil, within the process of convergence with international standards. The standards below are only those that could (or should) more significantly affect the Company's and its subsidiaries' financial statements. Under the terms of these new standards, the amounts for 2010, presented herein, should be restated for comparison purposes. The Company did not elect early adoption of these standards for the year ended March 31, 2010.

(a) Pronouncements

. CPC 15 - Business Combinations
. CPC 16 - Inventories
. CPC 18 - Investments in Associated Companies
. CPC 19 - Investment in Joint Ventures
. CPC 20 - Borrowing Costs
. CPC 21 - Interim Financial Reporting
. CPC 22 - Segment Information
. CPC 23 - Accounting Policies, Changes in Accounting Estimates and Correction of Errors
. CPC 24 - Subsequent Events
. CPC 25 - Provisions, Contingent Liabilities and Assets
. CPC 26 - Presentation of Financial Statements
. CPC 27 - Property, Plant and Equipment
. CPC 28 - Investment Property
. CPC 29 - Biological Assets and Agricultural Produce
. CPC 30 - Revenues
. CPC 31 - Non-current Assets Held for Sale and Discontinued Operations
. CPC 32 - Taxes on Profit
. CPC 33 - Employee Benefits
. CPC 36 - Consolidated Financial Statements
. CPC 37 - First-time Adoption of International Financial Reporting Standards
. CPC 38 - Financial Instruments: Recognition and Measurement
. CPC 39 - Financial Instruments: Presentation
. CPC 40 - Financial Instruments: Disclosure

(b) Interpretations

. ICPC 03 - Complementary Aspects of Leasing Transactions
. ICPC 04 - Scope of CPC 10 - Share-based Payment
. ICPC 05 - CPC 10 - Share-based Payment
. ICPC 07 - Distribution of Dividends in kind
. ICPC 08 - Accounting for Proposed Dividends
. ICPC 09 - Individual, Separate, Consolidated Financial Statements and Application of the Equity Accounting Method
. ICPC 10 - Clarifications of CPC 27 and CPC 28

All amounts in thousands of reais, unless otherwise indicated

3 CONSOLIDATION CRITERIA

The consolidated financial statements at March 31, 2010 and 2009 consider the percentage holdings in the subsidiaries on the respective dates and the applicable proportional consolidation criteria, in accordance with the Brazilian Securities Commission (CVM) rules. The consolidated balances include the following subsidiaries:

Company	Main activities
USM - 100% holding	Agricultural activity: sugar cane processing from own production and production acquired from third parties; production and sale of sugar, ethanol and their byproducts; cogeneration of electricity; agricultural production and investment in other companies.
UBV - 28.30% holding at March 31, 2010 (100% including the holding of USM after October 2009) and 48.45% at March 31, 2009 (90% including the holding of USM at March 31, 2009).	Agricultural activity: sugar cane processing from own production and production acquired from third parties; production and sale of ethanol and by-products; cogeneration of electricity and agricultural production.
Omtek - 99.99% holding (100% including the holding of USM).	Sodium salt processing and sale in the foreign market. The operating cycle is the same as that of the parent company, which is responsible for supplying (under specific conditions) sugar cane molasses, steam and electricity, inputs necessary for the company's production.

The financial statements of USM are consolidated prior to consolidation with the Company, using accounting practices and consolidation criteria consistent with those used by the Company.

All amounts in thousands of reais, unless otherwise indicated

The consolidation of USM includes the following subsidiaries:

- Mogi Agrícola S.A. ("Mogi") - 46.02% holding (proportional consolidation). The main account groups of this jointly-controlled subsidiary present the following balances:

	03/31/2010	03/31/2009
Current assets	1	4
Non-current assets:		
Long-term receivables	529	693
Investments, property, plant and equipment and intangible assets	57,147	57,160
Total assets	57,677	57,857
Current liabilities	3	13
Stockholders' equity	57,674	57,844
Total liabilities and stockholders' equity	57,677	57,857
Income from land leased	131	1,812
Operating expenses	(301)	(453)
Net income (loss) for the year	(170)	1,359

- USL - 41.67% holding (proportional consolidation). The main account groups of this jointly-controlled subsidiary present the following balances:

	03/31/2010	03/31/2009
Current assets	4,476	7,750
Non-current assets:		0
Long-term receivables	294	21,423
Investments, property, plant and equipment and intangible assets	7,310	6,894
Total assets	12,080	36,067

All amounts in thousands of reais, unless otherwise indicated

	03/31/2010	03/31/2009
Current liabilities	1,447	2,233
Non-current liabilities	24,624	37,889
Advance for future capital increase	3,400	
Net capital deficiency	(17,391)	(4,055)
Total liabilities	12,080	36,067
Net sales revenues	1,184	16,706
Operating costs and expenses	(9,762)	(22,346)
Operating loss	(9,762)	(5,640)
Loss for the year	(13,340)	(4,759)

- UBV - 71.70% holding (41.55% until October 2009).
- SMBJ Agroindustrial S.A. ("SMBJ") - 99.9% holding.

In addition, the main consolidation procedures adopted were as follows:

(a) Elimination of the holdings in the subsidiaries' stockholders' equity;

(b) Elimination of the investments and equity in the earnings (loss) of subsidiaries;

(c) Elimination of intercompany balances of assets and liabilities, income and expenses and any unrealized profits on intercompany transactions;

(d) Reclassification of negative goodwill in indirect subsidiaries to “Long-term liabilities - Other” and of goodwill in indirect subsidiaries to “Intangible assets” and “Inventories.

4 CASH AND CASH EQUIVALENTS

		Parent Company	
	Income	**03/31/2010**	**03/31/2009**
Cash and banks		24.200	28.676

All amounts in thousands of reais, unless otherwise indicated

		Consolidated	
	Income	**03/31/2010**	**03/31/2009**
Cash and banks		92.122	137.279
Financial investments			
. Agribusiness Credit Note (LCA)	70% of the CDI interest rate - weighted average rate	35.034	
. Bank Deposit Certificate (CDB)	101.72% of the CDI interest rate - weighted average rate		36.904
. Debentures repurchase agreements	99.44% of the CDI interest rate - weighted average rate	3.478	14.528
. Interest-bearing account SWEEP	U.S. dollar variation + variable rate from 1.45% to 2.25% p.a.		1.352
		130.634	190.063

Cash and bank balances include deposits in current account available for immediate use. These balances present significant amounts as a result of the normal flow of operations of the Company and its subsidiaries.

All financial investments may be redeemed in up to 30 days, with no loss of income.

5 TRADE ACCOUNTS RECEIVABLE

The balance of trade accounts receivable is as follows:

	Parent Company		Consolidated	
	03/31/2010	**03/31/2009**	**03/31/2010**	**03/31/2009**
Local customers	8.202	9.980	32.525	44.235
Foreign customers	2.754		9.103	1.309
	10.956	9.980	41.628	45.544

Management did not identify any need for recording an allowance for doubtful accounts at March 31, 2010 and 2009.

All amounts in thousands of reais, unless otherwise indicated

Accounts receivable by due date are as follows:

	Parent Company		Consolidated	
Past due:	**03/31/2010**	**03/31/2009**	**03/31/2010**	**03/31/2009**
up to 30 days	2.920	745	4.605	3.544
from 31 to 60 days	10		41	1.426
over 61 days	31	112	109	169
Not yet due:				
up to 30 days	7.714	7.998	36.443	33.720
from 31 to 60 days	243	983	289	3.608
over 61 days	38	142	141	3.077
	10.956	9.980	41.628	45.544

The average collection period for trade accounts receivable is 21 days (15 days - consolidated).

6 INVENTORIES

	Parent Company	
	03/31/2010	**03/31/2009**
Finished products and work in process	14.004	21.090
Sugar cane - crop treatment	26.315	32.073
Advances - purchases of sugar cane	2.225	3.144
Inputs, indirect materials, maintenance materials and other	6.544	6.957
	49.088	63.264

	Consolidated	
	03/31/2010	**03/31/2009**
Finished products and work in process	44.699	102.986
Sodium salt - RNA	1.499	6.572
Sugar cane - crop treatment	111.559	117.090
Advances - purchases of sugar cane	31.023	42.562
Inputs, indirect materials, maintenance materials and other	29.504	33.642
Provision for reduction of inventories to realizable value	(101)	(6.448)
	218.183	296.404

All amounts in thousands of reais, unless otherwise indicated

To guarantee payment of part of the obligations assumed at the time of the withdrawal from Copersucar on March 31, 2008, the Company pledged 8,908 m³ of fuel alcohol (25,757 m³ - consolidated) in favor of Copersucar.

7 TAXES RECOVERABLE

The balance of taxes recoverable is as follows:

	Parent Company	
	03/31/2010	**03/31/2009**
COFINS, including credits on purchases of property, plant and equipment	9.803	10.538
IRPJ	3.439	4.724
ICMS, including credits on purchases of property, plant and equipment	5.180	3.737
PIS, including credits on purchases of property, plant and equipment	1.955	2.102
CSLL	1.563	872
Other	31	47
	21.971	22.020
Current assets	(15.776)	(13.862)
Non-current assets	6.195	8.158

	Consolidated	
	03/31/2010	**03/31/2009**
COFINS, including credits on purchases of property, plant and equipment	67.540	62.777
IRPJ	24.591	31.245
ICMS, including credits on purchases of property, plant and equipment	8.666	9.573
PIS, including credits on purchases of property, plant and equipment	14.074	12.946
CSLL	3.360	1.854
Other	933	2.155
	119.164	120.550
Current assets	(71.774)	(52.972)
Non-current assets	47.390	67.578

All amounts in thousands of reais, unless otherwise indicated

COFINS: Social Contribution on Revenues
IRPJ: Corporate income tax
ICMS: Value-added Tax on Sales and Services
PIS: Social Integration Program
CSLL: Social Contribution on Net Income

The balances of taxes recoverable arise from commercial transactions and prepayments adjusted to present value, when applicable (credits on purchases of property, plant and equipment).

8 BALANCES AND TRANSACTIONS WITH RELATED PARTIES

(a) Parent company and consolidated balances:

	Parent Company			
	03/31/2010		03/31/2009	
	Non-current assets	Current liabilities	Non-current assets	Current liabilities
Subsidiaries:				
USM	447	922	4.614	9.716
Omtek	46	3.005	11.768	
UBV	8.625	17	38	5.916
Subtotal	9.118	3.944	16.420	15.632
Stockholders, arising from purchases of sugar cane - Suppliers		254		193
	9.118	4.198	16.420	15.825

All amounts in thousands of reais, unless otherwise indicated

	Consolidated			
	03/31/2010		03/31/2009	
	Non-current assets	Current liabilities	Non-current assets	Current liabilities
Subsidiaries and related parties:				
Mogi		123		26
Agropecuária Vale do Corumbatai S.A.	6			
Agropecuária Caieira do Norte S.A.	2			
Imobiliária Paramirim S.A.	5			
Monte Sereno Agrícola Ltda.	9			
SM Participações S.A.	2			
USL				3.251
SC	21		1.393	
Usina da Barra S.A. - Açúcar e Álcool	26		1.856	
Subtotal	71	123	3.249	3.277
Stockholders, arising from leased land	140		175	
Stockholders, arising from purchases of sugar cane - Suppliers		1.396		959
	211	1.519	3.424	4.236

The balances with subsidiaries at March 31, 2010 and 2009 refer to loan agreements due every December 31, extendable for one additional year, subject to charges equivalent to 100% of the Interbank Deposit Certificate (CDI) interest rate, and other intercompany transactions.

All long-term balances with related parties are expected to be settled in a maximum of 24 months. Sugar cane purchases from stockholders are carried out under market conditions similar to those applicable to third parties.

All amounts in thousands of reais, unless otherwise indicated

(b) Parent company transactions in the year:

						03/31/2010
	Financial income	Financial and administrative expenses	Sales revenues	Expenses apportioned by subsidiary	Expenses reimbursed by subsidiaries	Purchases of products and services
USM	8	973	2.462	4.246	2.393	68
Omtek	72		6.453		59	
UBV	91	646	3		1.092	16.112
Stockholders						
- rental of properties		73				
- rendering of services		157				
- purchases of sugar cane						1.428
	171	1.849	8.918	4.246	3.544	17.608

						03/31/2009
	Financial income	Financial and administrative expenses	Sales revenues	Expenses apportioned by subsidiary	Expenses reimbursed by subsidiaries	Purchases of products and services
USM		1.722	10.472	3.829	4.225	145
Omtek	157		6.194		78	
UBV	1.815	137			616	29
Stockholders						
- rental of properties		70				
- rendering of services		208				
- purchases of sugar cane						3.720
	1.972	2.137	16.666	3.829	4.919	3.894

The transactions with related parties refer to revenues and expenses for charges on loan agreements, sales of molasses, electricity and steam, purchases and sales of agricultural and industrial inputs and other products, rental of properties, provision of legal services and purchases of sugar cane from related parties, carried out under terms and conditions similar to those with third parties.

The expenses apportioned by subsidiary refer to expenditures incurred by USM with the shared services center. The expenses reimbursed by subsidiaries refer to expenditures of the Board of Directors and the Corporate office. The apportionments are supported by agreements between the parties.

(c) Consolidated transactions in the year:

	03/31/2010	03/31/2009
Stockholders		
- rental of properties	73	70
- rendering of services	1.364	1.236
- purchases of sugar cane	7.802	6.628
	9.239	7.934

All amounts in thousands of reais, unless otherwise indicated

(d) Remuneration of the key management personnel:

Key management personnel include the directors and officers. Remuneration paid or payable for their services is shown below:

	Parent Company		Consolidated	
	03/31/2010	03/31/2009	03/31/2010	03/31/2009
Wages and salaries	511	399	511	399
Fees and bonuses	5.060	4.734	10.562	8.472
Social security contributions	1.003	987	2.033	1.770
Private pension plan	121	65	311	69
Profit sharing program	74	37	74	37
Other	50	67	79	264
	6.819	6.289	13.570	11.011

9 OTHER ASSETS

	Parent Company		Consolidated	
	03/31/2010	03/31/2009	03/31/2010	03/31/2009
Prepaid expenses	178	922	1.473	6.216
Sundry advances	1.238	1.698	4.575	4.616
Other	37	25	229	907
	1.453	2.645	6.277	11.739
Current assets	(1.449)	(2.641)	(6.086)	(10.900)
Non-current assets	4	4	191	839

10 INVESTMENTS

The parent company's investments in subsidiaries are as follows:

All amounts in thousands of reais, unless otherwise indicated

10.1 Subsidiaries

				03/31/2010
	USM	UBV	Omtek	Total
In subsidiaries:				
Shares/quotas held (thousands)	23.500	117.243	13.925	
Percentage holding	100%	28,30%	99,99%	
Capital	60.000	414.288	13.925	
Net equity	1.088.754	371.855	18.861	
Net income (loss) for the year	86.311	17.047	(801)	
Changes in the investments:				
At March 31, 2009	993.205	88.383	19.661	1.101.249
Interest on own capital received	(11.965)			(11.965)
Provisioned dividends	(10.329)			(10.329)
Gain (loss) on revaluation reserve of subsidiaries due to increase (decrease) in holding	864	(864)		
Capital gain due to decrease in holding in the accumulated losses up to March 31, 2009		12.885		12.885
Gain on Carrying value adjustments	20.338	25		20.363
Equity in the earnings (loss)	86.312	4.824	(800)	90.336
At March 31, 2010	1.078.425	105.253	18.861	1.202.539

				03/31/2009
	USM	UBV	Omtek	Total
In subsidiaries:				
Shares/quotas held (thousands)	23.500	117.243	13.925	
Percentage holding	100%	48,45%	99,99%	
Capital	60.000	242.000	13.925	
Net equity	993.206	182.430	19.661	
Loss for the year	(28.067)	(63.995)	(2.488)	
Changes in the investments:				
At March 31, 2008	1.022.213	20.550	22.149	1.064.912
Increase in holding		97.876		97.876
Gain (loss) on revaluation reserve of subsidiaries due to increase (decrease) in holding	(941)	941		
Equity in the loss	(28.067)	(30.984)	(2.488)	(61.539)
At March 31, 2009	993.205	88.383	19.661	1.101.249

There are no cross-holdings between the parent company and the direct and indirect subsidiaries.

10.2 Goodwill, spin-off and merger of Etanol Participações S.A. ("EP")

On April 12, 2007, EP acquired shares of USL and Agropecuária Aquidaban S.A. ("AA") for R$ 184,080 and R$ 61,360, respectively, recording a total goodwill of R$ 210,117, of which R$ 154,013 refers to the acquisition of USL and R$ 56,104 to the acquisition of AA, based on the financial statements of the acquired companies as of March 31, 2007.

On December 10, 2007, the stockholders of EP announced to the market the discontinuation of the operations of USL and AA. Subsequently, on December 21, 2007, the stockholders of EP resolved to spin-off all EP's assets and liabilities, which were transferred to USL and AA. The investments of EP in USL and AA were eliminated, and the shares previously held by EP in USL and AA were transferred to its stockholders.

Due to these decisions, the allocation of the goodwill paid by EP on the acquisition of these subsidiaries, between revaluation of assets and expected future profitability, has been reviewed and the provisions of CVM Instructions No. 319, of December 3, 1999, and No. 349, of March 6, 2001, were applied in the consolidation of USM.

This review was based on an appraisal report by independent experts on the investment's economic value, taking into consideration the absorption of the operations of the subsidiaries by the controlling stockholders and the sale of a significant portion of their property, plant and equipment. The assets held for sale were classified in the consolidated balance sheet in a specific caption of non-current assets, at historical cost plus respective goodwill, which together represent the estimated realizable value determined in a report issued by independent appraisers. The property, plant and equipment items that will not be sold remain classified under a specific caption at historical cost of purchase plus respective goodwill. The remaining goodwill was classified as expected future profitability, net of the related tax benefit, and is supported by an economic appraisal report of the investment under the new operating assumptions established in December 2007.

Up to March 31, 2009, the goodwill attributed to expected future earnings was amortized over a period of up to ten years, based on the expected return on investment in accordance with the economic appraisal report, which takes into account the investment's operating characteristics. As established by the Brazilian Accounting Pronouncements Committee (CPC) Pronouncement No. 1 and the Brazilian Securities and Exchange Commission (CVM) Instruction 565/08, the goodwill arising from expected future profitability should no longer be systematically amortized as from the year beginning April 1, 2009, but is to be periodically tested for impairment. The analyses made did not indicate the need for recognizing an impairment provision.

All amounts in thousands of reais, unless otherwise indicated

The gross amortized amount attributable to USM for the year ended March 31, 2009 was R$ 7,289. The goodwill related to the assets held for sale will be amortized on the realization of such assets. Tax benefits arising from goodwill related to future profitability are amortized based on their effective use in the tax calculations.

After the above-mentioned events and amortization and write-off of assets sold, goodwill in the consolidated financial statements is as follows:

	Goodwill	Accumulated amortization/ write-off	Net balance 03/31/2010	Net balance 03/31/2009
Expected future profitability - intangible assets	39.688	(5.673)	34.015	34.015
Revaluation surplus of assets held for sale	27.415	(27.323)	92	208
Tax benefit related to the portion of expected future profitability - deferred taxes	20.446	(6.861)	13.585	17.524
	87.549	(39.857)	47.692	51.747

11 PROPERTY, PLANT AND EQUIPMENT

								Parent Company	
	Land	Buildings and premises	Industrial equipment and installations	Vehicles	Agricultural machinery and implements	Sugar cane plantations	Other	Construction in progress	Total
At March 31, 2008	314.051	19.006	107.973	13.071	33.209	78.451	18.920	13.047	597.728
Purchases			20.441	1.443	25	23.134	3.660	13.544	62.247
Disposals (residual)			(2.457)	(275)	1.287		(4.456)		(5.901)
Transfers		1.939	21.433	1.939	5.823		(13.870)	(17.264)	
Depreciation		(1.515)	(24.285)	(3.775)	(10.339)	(14.451)	(403)		(54.768)
At March 31, 2009	314.051	19.430	123.105	12.403	30.005	87.134	3.851	9.327	599.306
Cost	20.851	14.607	71.880	11.359	19.558	137.246	8.304	9.327	293.132
Revaluation	293.200	11.084	88.376	8.235	21.330				422.225
Accumulated depreciation		(6.261)	(37.151)	(7.191)	(10.883)	(50.112)	(4.453)		(116.051)
Net book value	314.051	19.430	123.105	12.403	30.005	87.134	3.851	9.327	599.306
Purchases		10	19.361	242	2.921	26.503		19.456	68.493
Disposals (residual)	(869)		(95)	(96)	(96)		(324)		(1.480)
Transfers			7.685	184	670		(57)	(8.482)	
Depreciation		(1.706)	(33.269)	(3.688)	(5.402)	(16.614)	(489)		(61.168)
At March 31, 2010	313.182	17.734	116.787	9.045	28.098	97.023	2.981	20.301	605.151
Cost	20.757	14.602	82.018	11.766	23.150	164.872	7.917	20.301	345.383
Revaluation	292.425	11.084	88.306	7.961	21.150				420.926
Accumulated depreciation		(7.952)	(53.537)	(10.682)	(16.202)	(67.849)	(4.936)		(161.158)
Net book value	313.182	17.734	116.787	9.045	28.098	97.023	2.981	20.301	605.151
Average depreciation rate		6,66%	11,50%	19,71%	12,29%	15,87%	12,41%		

All amounts in thousands of reais, unless otherwise indicated

									Consolidated
	Land	**Buildings and premises**	**Industrial equipment and installations**	**Vehicles**	**Agricultural machinery and implements**	**Sugar cane plantations**	**Other**	**Construction in progress**	**Total**
At March 31, 2008	998.072	68.003	341.414	54.167	137.146	312.078	103.551	277.727	2.292.158
Purchases	9.893	28	24.641	18.204	15.742	138.654	51.224	217.666	476.052
Disposals (residual)	(160)	(2.377)	(2.993)	(812)	1.222		(33.260)	(286)	(38.666)
Transfers	4.091	106.530	368.174	2.340	19.366		(92.182)	(408.319)	
Transfers to long-term receivables			(19.158)			(10.893)			(30.051)
Depreciation		(8.341)	(98.344)	(12.985)	(37.273)	(60.401)	(544)		(217.888)
At March 31, 2009	1.011.896	163.843	613.734	60.914	136.203	379.438	28.789	86.788	2.481.605
Cost	106.812	135.780	439.908	56.544	106.776	556.702	50.554	86.788	1.539.864
Revaluation	905.084	47.642	340.197	29.806	69.951				1.392.680
Accumulated depreciation		(19.579)	(166.371)	(25.436)	(40.524)	(177.264)	(21.765)		(450.939)
Net book value	1.011.896	163.843	613.734	60.914	136.203	379.438	28.789	86.788	2.481.605
Purchases	575	186	82.906	7.794	12.148	136.949	1.318	95.930	337.806
Disposals (residual)	(897)		(473)	(520)	(218)		(16.248)		(18.356)
Transfers		19.975	18.615	5.951	5.666		81	(50.288)	
Transfers to long-term receivables			97	5	29		180		311
Depreciation		(9.437)	(129.798)	(14.256)	(22.069)	(75.540)	(1.844)		(252.944)
At March 31, 2010	1.011.574	174.567	585.081	59.888	131.759	440.847	12.276	132.430	2.548.422
Cost	122.436	155.912	476.036	69.552	124.616	696.840	35.987	132.430	1.813.809
Revaluation	889.138	47.642	339.788	29.041	69.516				1.375.125
Accumulated depreciation		(28.987)	(230.743)	(38.705)	(62.373)	(255.993)	(23.711)		(640.512)
Net book value	1.011.574	174.567	585.081	59.888	131.759	440.847	12.276	132.430	2.548.422
Average depreciation rate		5,03%	9,09%	15,23%	11,77%	17,07%	15,23%		

The parent company balance of construction in progress at March 31, 2010 refers to refurbishment of the industrial facilities to increase the sugar cane production and other improvements to the plant. The consolidated balance also includes improvements to the USM and UBV plants, refurbishment of the USM industrial facilities to increase the sugar cane production, improvements to the administrative facilities and expansion work at the UBV plant.

Under the terms of certain loan and financing agreements entered into by the Company and its subsidiaries, property, plant and equipment totaling R$ 379,453 at March 31, 2010 were pledged as collateral. These items are mostly represented by industrial equipment and installations, and agricultural machinery and implements. In addition, the amount of R$ 147,604 (R$ 589,720 - consolidated), in land, was pledged as collateral for securitized rural credits, recorded in current and long-term liabilities.

At March 31, 2010, 6,136 ha. of USM land were pledged as guarantee for UBV transactions.

The Company, USM (including its subsidiaries) and Omtek recorded revaluations of land, buildings, equipment and industrial facilities at March 31, 2007 based on appraisal reports prepared by independent experts.

All amounts in thousands of reais, unless otherwise indicated

As from that date, the revalued assets have been depreciated over their estimated remaining useful lives specified in the revaluation report.

Expenditures with maintenance in the inter-crop period are allocated to property, plant and equipment and are fully depreciated in the following crop.

The revaluation amounts of property, plant and equipment, net of depreciation adjusted by deferred taxes thereon, at March 31, 2010 and 2009, were R$ 365,247 and R$ 385,213, respectively (R$ 1,159,472 and R$ 1,252,533 - consolidated).

The depreciation and write-offs of revaluation which impacted the consolidated results of operations for the years ended March 31, 2010 and 2009 totaled R$ 75,064 and R$ 67,105, respectively, net of amounts allocated to inventories and gross of taxes.

The Company and its subsidiaries capitalized financial charges of R$ 8,176 in the year ended March 31, 2010 (2009 - R$ 16,582).

12 INTANGIBLE ASSETS

	Parent Company		Consolidated	
	03/31/2010	03/31/2009	03/31/2010	03/31/2009
Goodwill - expected future profitability			38.826	38.826
Accumulated amortization			(4.811)	(4.811)
Software	2.034	2.032	6.874	6.827
Accumulated amortization	(1.826)	(1.770)	(3.722)	(2.955)
	208	262	37.167	37.887

The goodwill attributed to the expected future profitability derived from the spin-off of the USL net assets, and merged by USM, is no longer being amortized as from the fiscal year beginning April 1, 2009, as mentioned in Note 10.2.

All amounts in thousands of reais, unless otherwise indicated

13 DEFERRED CHARGES

	Consolidated	
	03/31/2010	03/31/2009
Pre-operating expenses	44.755	44.755
Other	52	52
Accumulated amortization	(4.630)	(1.988)
	40.177	42.819

The pre-operating expenses are substantially represented by those incurred by the subsidiary UBV, with amortization calculated as from the plant start-up in July 2008, over a period of ten years, and proportionally to the use of the production capacity expected for the period.

14 LOANS AND FINANCING

				Parent Company	
Type	**Charges**	**Guarantees**	**Maturity**	**03/31/2010**	**03/31/2009**
In local currency:					
Securitized rural credits	General Market Price Index (IGP-M) + weighted average interest of 4.11% p.a., paid annually	(a)	Annual installments with maturity between Sep 2018 and Jul 2020	26.216	27.544
Rural credit	Weighted average fixed interest rate of 10.09% p.a. paid on final maturity of the contracts	(b)	Single installment with maturity between Dec 2010 and Oct 2011	27.577	1.922
Rural credit	Fixed interest of 9.99% p.a. + monetary restatement of the Referential Rate (TR) paid on final maturity of the contracts	(b)	Single installment with final maturity between Jan and Dec 2010		17.847
Government Agency for Machinery and Equipment Financing (FINAME)/ National Bank for Economic and Social Development (BNDES) Automatic loan	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 2.87% p.a. paid monthly	(c)	Monthly installments with maturity between Apr 2010 and Apr 2014	17.002	22.386
FINAME/BNDES Automatic loan	Weighted average fixed rate of 7.42% p.a. paid monthly	(d)	Monthly installments with maturity between Apr 2010 and Dec 2014	4.615	6.643

All amounts in thousands of reais, unless otherwise indicated

Type	Charges	Guarantees	Maturity	Parent Company 03/31/2010	Parent Company 03/31/2009
Other securitized credits	Fixed interest rate of 3% p.a. paid annually	(e)	Annual installments with final maturity in Oct 2025	75	78
Working capital	Variation of 130.00 % CDI OVER CETIP (average rate for interbank loans for one day registered with CETIP) paid on final maturities of the contracts	(f)	Single installment with maturity between Mar 2010 and Jun 2010	17.143	17.030
Lease	Fixed rate of 7.08% p.a. paid monthly	(g)	Monthly installments with final maturity in Apr 2013	49	61
In foreign currency:					
ACC (Advances on foreign exchange contracts)	Fixed rate of 3.24% p.a. + US$ variation paid on final maturity of the contract	(h)	Single installment with final maturity between Jan 2010 and Jul 2010	42.044	34.642
Total				134.721	128.153
Current liabilities				(87.811)	(87.054)
Non-current liabilities				46.910	41.099

Type	Charges	Guarantees	Maturity	Consolidated 03/31/2010	Consolidated 03/31/2009
In local currency:					
Securitized rural credits	General Market Price Index (IGP-M) + weighted average interest of 4.61% p.a., paid annually	(a) and (i)	Annual installments with maturity between Sep 2018 and Jul 2020	75.784	79.780
Rural credit	Weighted average fixed interest rate of 10.58% p.a. paid on final maturity of the contracts	(b) and (j)	Single installment with maturity between Apr 2010 and Dec 2012	48.020	20.835
Rural credit	Weighted average fixed interest rate of 9.25% p.a. paid on final maturity of the contracts		Single installment with maturity between Jan and Dec 2010		21.974
FINAME/BNDES Automatic loan	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 2.92% p.a. paid monthly	(c), (k) and (l)	Monthly installments with maturity between Apr 2010 and Jul 2014	72.618	69.578
FINEM - DIRECT	Quarterly Long-term Interest Rate (TJLP) + weighted average interest of 1.95% p.a. paid monthly	(l)	Monthly installments with maturity between Apr 2010 and Jul 2015	318.159	363.920
FINAME/BNDES Automatic loan	Weighted average fixed rate of 8.69% p.a. paid monthly	(d), (m) and (n)	Monthly installments with maturity between Apr 2010 and Nov 2019	32.206	32.148
Other securitized credits	Fixed interest rate of 3% p.a. paid annually	(e)	Single installment with maturity in Oct 2025	75	78

FINEM - Enterprises Financing

All amounts in thousands of reais, unless otherwise indicated

Type	Charges	Guarantees	Maturity	Consolidated 03/31/2010	03/31/2009
Working capital	Variation of 129.26% CDI OVER CETIP (average rate for interbank loans for one day registered with CETIP) paid on final maturities of the	(f)	Single installment with maturity between Apr and Aug 2010	25.562	32.671
Working capital	Weighted average fixed interest rate of 6.75% p.a. paid on final maturity of the contracts	(o)	Single installment with maturity in Nov 2010	17.905	
Leases	Weighted average fixed rate of 7.48% p.a. paid monthly	(g)	Monthly installments with maturity between Apr 2010 and May 2013	703	881
In foreign currency:					
FINAME/BNDES Automatic loan	Currency basket (U.S. dollar, Euro and Yen) + fixed rate of 7.08% p.a. paid monthly	(f)	Monthly installments with maturity between Apr 2010 and Mar 2012	36	63
FINEM - DIRECT	Currency basket (U.S. dollar, Euro and Yen) + weighted average fixed rate of 5.46% p.a. paid monthly	(p)	Quarterly installments with maturity between Apr 2010 and Jul 2015	38.592	57.687
ACC (Advances on foreign exchange contracts)	Weighted average interest of 3.65% p.a. + US$ variation paid on the maturity dates	(h)	Monthly installments with maturity between Apr 2010 and Sep 2010	146.979	214.280
Export prepayment - PPE	LIBOR + fixed rate of 1.89% p.a. + U.S. dollar variation paid on the maturity dates	(q)	Semiannual installments with maturity between Ago 2010 and Jun 2015	178.500	237.706
Total				955.139	1.131.601
Current liabilities				(326.746)	(401.115)
Non-current liabilities				628.393	730.486

At March 31, 2010, all the loans and financing were guaranteed by stockholders' sureties and by the following additional guarantees (related to the tables above):

	Description of the guarantees offered for loans and financing contracted at March 31, 2010	**Book or contractual value**
(a)	Mortgage - 8,303 ha. of land	146,001
(b)	Promissory note	26,000
(c)	Statutory lien of industrial equipment	14,596
	Statutory lien of agricultural equipment	14,756
	Promissory note	16,751
(d)	Statutory lien of industrial equipment	6,157
	Statutory lien of agricultural equipment	7,304

All amounts in thousands of reais, unless otherwise indicated

	Description of the guarantees offered for loans and financing contracted at March 31, 2010	Book or contractual value
	Promissory note	2,458
(e)	Mortgage - 79 ha. of land	1,603
(f)	Directors' surety	42,704
(g)	Promissory note	109
(h)	Promissory note	32,291
(i)	Mortgage - 8,728 ha. of land	169,488
(j)	Company surety	20,443
(k)	Statutory lien of industrial equipment	37,332
	Statutory lien of agricultural equipment	49,953
	Promissory note	20,228
(l)	Mortgage - 11,915 ha. of land	239,924
	Statutory lien of agricultural equipment	27,831
	Promissory note	11,298
(m)	Statutory lien of industrial equipment	13,292
	Statutory lien of agricultural equipment	26,869
	Promissory note	8,634
(n)	Mortgage - 199 ha. of land	3,602
	Statutory lien of industrial equipment	175,987
	Statutory lien of agricultural equipment	5,268
	Promissory note	5,268
(o)	Company surety	17,905
(p)	Mortgage - 1,445 ha. of land	29.102
(q)	Consolidated financial covenants: maintenance of the principal's minimum percentage with a projected flow of receivables and minimum ratio between the net debt and the Earnings before interest, tax, depreciation and amortization (EBITDA)	

All amounts in thousands of reais, unless otherwise indicated

The land given as collateral for loans and financing refers to sugar cane plantation areas.

Long-term loans and financing (parent company and consolidated) have the following maturities:

	03/31/2010	
	Parent Company	Consolidated
From 4/01/11 to 3/31/12	21.014	157.192
From 4/01/12 to 3/31/13	6.346	141.188
From 4/01/13 to 3/31/14	5.119	135.962
From 4/01/14 to 3/31/15	3.181	125.073
From 4/01/15 to 3/31/16	2.431	40.347
From 4/01/16 to 12/31/26	8.819	28.631
	46.910	628.393

Based on Brazilian Central Bank Resolution No. 2471/98 and other current legal provisions, in 1998, 1999 and 2000 the Company, USM and USL securitized debts with financial institutions, by means of the purchase of National Treasury Certificates (CTN) in the secondary market, as collateral for the payment of the principal. This securitized financing, recorded as "Securitized agricultural credits", will be automatically settled on the maturity dates upon the redemption of the CTNs, which are under the custody of the creditor financial institutions. These certificates are not negotiable and are exclusively intended for paying this debt. The companies' disbursements during the 20 years in which this securitization is effective is limited to the annual payment of amounts equivalent to variable percentages between 3.9% and 4.96% per annum on the securitized amount, monetarily adjusted based on the General Market Price Index (IGP-M), limited to 9.5% per annum up to the annual payment date. This obligation was recorded in the financial statements at March 31, 2010 and 2009, based on the amount of future disbursements adjusted to present value.

15 SUPPLIERS

	Parent Company		Consolidated	
	03/31/2010	03/31/2009	03/31/2010	03/31/2009
Sugar cane	3.558	5.877	26.322	25.485
Materials, services and other	13.427	11.039	47.850	50.665
	16.985	16.916	74.172	76.150

All amounts in thousands of reais, unless otherwise indicated

The sugar cane harvest period, between April and December of each year on average, has a direct impact on the balance payable to sugar cane suppliers and providers of harvesting, loading and transportation services.

16 PAYABLES TO COPERSUCAR (Cooperative)

Copersucar provided funds to companies during their period as cooperative members through bills of exchange for the purpose of financing their operations. The Cooperative's funds came from amounts obtained by the Cooperative in the market and transferred to the cooperative members for short-term settlement, from temporary cash surpluses and funds arising from injunctions in lawsuits claiming the suspension of liabilities. These cash surpluses relate to provisions for contingencies recorded by the Cooperative in long-term liabilities. However, in the event of unfavorable outcomes in lawsuits in which the Cooperative obtained an injunction, the Company may be required to reimburse, within 120 days, the amount that was transferred to it. The main amounts included in these liabilities arise from Excise Tax (IPI) whose constitutionality and legality has been challenged in court by the Cooperative, of R$ 14,886 and R$ 14,368 as of March 31, 2010 and 2009, respectively (R$ 59,253 and R$ 57,189, - consolidated, respectively).

The amounts payable to Copersucar are as follows:

	Parent Company	
	03/31/2010	**03/31/2009**
Bill of Exchange - Updated based on the Special System for Settlement and Custody (SELIC) interest rate	34.679	38.749
Bill of Exchange - Onlending not subject to charges	11.409	11.409
Bill of Exchange - Updated based on the TJLP	4.027	5.057
Bill of Exchange - Updated based on the US$ variation + interest of 4.17% p.a.	1.703	2.881
Total	51.818	58.096
Current liabilities	(589)	(589)
Non-current liabilities	51.229	57.507

All amounts in thousands of reais, unless otherwise indicated

	Consolidated	
	03/31/2010	03/31/2009
Bill of Exchange - Updated based on the SELIC	134.540	149.244
Bill of Exchange - Onlending not subject to charges	43.935	43.935
Bill of Exchange - Updated based on the TJLP	11.798	15.288
Bill of Exchange - Updated based on the US$ variation + interest of 4.17% p.a.	5.972	10.105
Total	196.245	218.572
Current liabilities	(2.203)	(2.203)
Non-current liabilities	194.042	216.369

All the liabilities of the Company and its subsidiaries with Copersucar are guaranteed by directors' sureties.

In accordance with the terms of the withdrawal from Copersucar, as from the date thereof, the Company, USM and USL will remain liable for the liabilities recorded under "Payables to Copersucar" in long-term liabilities, without any change in maturity dates, until the matters that gave rise to these liabilities and are under judicial dispute handled by the Cooperative's legal counsel are finally and definitively judged by the courts. Such liabilities continue to be collateralized by bank guarantees in the amount of R$ 42,963 (R$ 155,100 - consolidated).

17 TAXES PAYABLE IN INSTALLMENTS

	Parent Company		Consolidated	
	03/31/2010	03/31/2009	03/31/2010	03/31/2009
ICMS	9.524	10.161	9.524	10.161
REFIS installment program - Law 11941	6.440		41.628	
	15.964	10.161	51.152	10.161
Current liabilities (taxes payable)	(1.593)	(1.198)	(3.939)	(1.198)
Non-current liabilities	14.371	8.963	47.213	8.963

In October and November 2009, the Company and its subsidiaries USM, Omtek and USL, applied for the Tax Recovery Program (REFIS), established by Law 11941, of May 27, 2009, with benefits of reduction of interest, fines and legal charges.

All amounts in thousands of reais, unless otherwise indicated

The total amount of the debts, net of discounts, relating to this installment payment program was R$ 8,028 (R$ 42,039 - consolidated), of which R$ 1,803 was paid in cash and R$ 6,224 (R$ 40.236 - consolidated) is payable in 180 installments.

Most of the lawsuits included in the installment payment program were being challenged in court and, according to the legal advisors' judgment, had a related provision for contingencies. As a consequence of the enrollment in REFIS, the Company and its subsidiaries must pay the installments without any delay exceeding three months, as well as waive their legal claims and any plea of rights on which these lawsuits are based, subject to immediate rescission of the installment program and, consequently, loss of the benefits (discounts and payment terms).

The impact on the results of operations is recorded in Other operating income (expenses), as follows:

	Parent Company	Consolidated
Total debts included in the installment payment program	(10.457)	(60.001)
Provision for contingencies reversed	867	43.895
Discounts obtained in the program	2.429	17.962
Total impact	(7.161)	1.856

Copersucar has applied for the benefits of the REFIS program and is awaiting the determination of the total amounts by the Federal Revenue Secretariat. The amount to be included in the installment payment will be allocated to the cooperative and ex-cooperative members once approved by the Board of Directors, after the following issues are satisfied; (i) final calculation of all the contingencies, considering the REFIS benefits, (ii) identification of the sugar mills responsible for the obligations, (iii) changes of the current guarantees for a new amount and type, and (iv) approval in a Board of Directors' meeting. The management of Copersucar, based on its analyses, discussions and preliminary calculations up to the present, has formally confirmed to the Company that there will be no signficant effects on the accounts of its cooperative and ex-cooperative members, once the final and correct calculations of the debits and credits arising from this installment payment program are completed.

All amounts in thousands of reais, unless otherwise indicated

18 OTHER LIABILITIES

	Parent Company		Consolidated	
	03/31/2010	03/31/2009	03/31/2010	03/31/2009
Unbilled sales	442	4.070	2.103	6.845
Advances from customers	421	1.704	439	10.875
Unappropriated revenues	2.158	2.858	2.158	2.858
Social security contributions payable in installments			882	1.162
Mitsubishi Corporation			16.224	
Other	709	1.013	7.085	7.436
	3.730	9.645	28.891	29.176
Current liabilities	(2.276)	(7.485)	(13.353)	(25.858)
Non-current liabilities	1.454	2.160	15.538	3.318

The outstanding balance with Mitsubishi Corporation arises from the acquisition of the investment in UBV, as mentioned in Note 1.2.

19 STOCKHOLDERS' EQUITY

(a) Capital

At March 31, 2010 and 2009, the capital stock is divided into 113,000,000 registered common shares, without par value.

(b) Treasury stock

On September 22, 2008, the Board of Directors approved the common share repurchase program, such shares to be held in treasury for subsequent sale or cancellation, without reducing capital, pursuant to the Company's By-laws, CVM Instructions No. 10/80 and 268/97 and other statutory provisions. The share repurchases were carried out up to September 22, 2009 on the BM&FBovespa S.A. - Stock, Commodities and Futures Exchange, at market prices, with the intermediation of brokerage firms.

The Company repurchased 139,000 common shares, for R$ 1,899, at a minimum price per share of R$ 9.30 and a maximum price of R$ 19.20, resulting in an average price of R$ 13.65. At March 31, 2010, the market value of these shares was R$ 2,264 (2009 - R$ 1,599).

The purpose of this program is to maximize the creation of stockholder value.

(c) Revaluation reserves

These correspond to the revaluation balances of land, buildings and premises, equipment and industrial installations, vehicles and machinery, and agricultural implements, as described in Note 11. These reserves are recorded net of tax effects (except that of land). Their realization is based on the depreciation, write-off or sale of the related revalued assets, and the realized amounts are transferred to retained earnings.

(d) Legal and capital budget reserves

The legal reserve is recorded annually through the appropriation of 5% of net income for the year and cannot exceed 20% of the capital. The purpose of the legal reserve is to guarantee the integrity of capital and it may be used only to offset losses and increase capital.

Up to March 31, 2009, the capital budget reserve includes the remaining balance of retained earnings of prior years to be invested in increasing the production capacity and in several projects intended for improving processes, based on a budget approved in a General Meeting of stockholders. The reserve will be capitalized at the next General Meeting of stockholders since the related investments have already been made. At March 31, 2010, management is proposing a new transfer to this reserve with the remaining balance of net income for the year, to also be approved together with the investment plan at the next General Meeting of stockholders.

(e) Interest on own capital and dividends

As permitted by Law 9.249/95, in December 2009 the subsidiary USM calculated and distributed interest on own capital to the Company based on the Long-term Interest Rate (TJLP) effective in the period, in the gross amount of R$ 11,965. In the same period, the Company calculated and distributed interest on own capital based on the TJLP effective in the period, in the gross amount of R$ 18,331.

The interest on own capital received from the subsidiary USM was recorded in the tax records as financial income, and the interest on own capital paid by the Company to the stockholders was recorded as financial expense, as required by tax legislation. Subsequently, the interest on own capital received was credited to the investment account and the interest on own capital paid was charged to retained earnings, in compliance with CVM Deliberation 247/96. In addition, the interest on own capital was included in the calculation of the minimum mandatory dividend.

All amounts in thousands of reais, unless otherwise indicated

Stockholders are entitled to receive a minimum dividend of 25% on net income for the year, after deduction of the accumulated deficit and appropriation to the legal reserve. The minimum mandatory dividend was calculated as follows:

	31/03/2010
Net income for the year	93.032
Appropriation of legal reserve - 5%	(4.652)
Calculation basis for distribution of the minimum mandatory dividend	88.380
Minimum mandatory dividend - 25% (R$ 0.1958 per share)	22.095
Interest on own capital paid as dividend, net of withholding income tax (IRRF) (R$ 0.1385 per share)	(15.626)
Amount of minimum mandatory dividend payable (R$ 0.0573 per share)	6.469

The Board of Directors' Meeting held on June 28, 2010 proposed an additional dividend distribution of R$ 8,838 (R$ 0.0783 per share) to be approved at the Annual General Meeting of stockholders, which, once approved, will total a dividend distribution of R$ 30,933 (R$ 0.2741 per share), corresponding to 35% of net income after appropriation of the legal reserve.

(f) Reconciliation of net income for the year and stockholders' equity of the Parent Company with the Consolidated statements

	03/31/2010
Stockholders' equity	
Parent company stockholders' equity	1.690.755
Interest on loan agreement allocated to UBV's deferred charges	(1.337)
Consolidated stockholders' equity	1.689.418
Net income for the year	
Parent company net income	93.032
Interest on loan agreement allocated to UBV's deferred charges	164
Consolidated net income	93.196

(g) Stock Option Plan

The Extraordinary General Meeting of stockholders held on March 26, 2009 approved the Company's Stock Option Plan, which is intended to foster the Company's growth, the achievement and exceeding of corporate goals, to promote the Company's good performance, and retain its professionals. The plan is managed by the Board of Directors, which may grant stock options to the Company's executives, officers and employees.

The total number of common shares for which options may be granted cannot exceed 2% of the total common shares of the Company's capital stock. The Company's Stock Option Plan is available at the CVM.

Currently, the Regulations and Adhesion Agreements are being prepared by the Board of Directors, to be implemented by the Company; the Board of Directors will also define the eligible beneficiaries.

20 EMPLOYEE AND MANAGEMENT BENEFITS PLAN

In September 2008, the Company and its subsidiaries contracted a supplementary pension plan for all their employees and officers, of the PGBL (annuity pension plan) type, which is a defined contribution pension plan.

All employees are entitled to participate, but participation is optional. The Company and its subsidiaries' contributions are limited to 1% of the nominal salaries of their employees, up to the limit of the plan reference unit and up to 6% of the amount of the nominal salaries that exceed such limit. Participants are entitled to contribute more than these percentage limits, however, without a corresponding increase of the Company and its subsidiaries' contributions.

The contributions at March 31, 2010 and 2009, recorded as operating costs or expenses in the consolidated results of operations, amounted to R$ 1,534 and R$ 805, respectively.

21 PROFIT SHARING PROGRAM

In conformity with the Collective Bargaining Agreements with the employee labor unions, the Company and its subsidiaries introduced a profit sharing program based on operating and financial targets previously agreed upon with the employees.

All amounts in thousands of reais, unless otherwise indicated

The operating and financial indicators agreed upon between the Company and its subsidiaries and employees, through labor unions representing them, are related to the following: (i) use of agribusiness time; (ii) agribusiness productivity; (iii) budget index; (iv) occupational accident; (v) customer satisfaction; (vi) management closing deadline; (vii) economic gains on changes of processes and respective quality; (viii) profile of existing debt; (ix) financial performance measured especially by indebtedness level and quality; (x) financial and economic performance; and (xi) quality of analyses and presentations to the market. These indicators are segregated for specific application in the departments involved, which are divided, for purposes of this program, into the agribusiness, shared services center and corporate areas.

The profit sharing for the years ended March 31, 2010 and 2009, recorded as operating costs or expenses in the consolidated statement of income was R$ 13,368 and R$ 17,605, respectively.

22 INCOME TAX AND SOCIAL CONTRIBUTION ON NET INCOME

(a) The deferred income tax and social contribution are as follows:

	Parent Company		Consolidated	
Assets	**03/31/2010**	**03/31/2009**	**03/31/2010**	**03/31/2009**
Income tax losses	22.481	22.251	51.352	58.732
Social contribution losses	8.166	8.632	19.337	23.328
Provision for contingencies	5.215	3.910	19.170	23.939
Securitized financing				898
Tax benefit on merged goodwill			13.970	17.524
Derivative financial instruments	2.799	144	5.550	2.014
Other	864	1.129	2.768	4.538
	39.525	36.066	112.147	130.973
Liabilities				
Revaluation of assets	(15.756)	(22.287)	(86.124)	(110.516)
Accelerated depreciation with incentives	(23.192)	(21.138)	(95.755)	(77.754)
Securitized financing	(9.210)	(8.825)	(9.784)	(9.043)
Adjustments to present value	(3.333)	(3.891)	(9.417)	(11.012)
Derivative financial instruments	(13.114)		(23.624)	
Other	(22)	(22)	(143)	(152)
	(64.627)	(56.163)	(224.847)	(208.477)

All amounts in thousands of reais, unless otherwise indicated

Income tax and social contribution losses can be carried forward indefinitely without monetary adjustment or interest but their offset is limited to 30% of annual taxable income. Deferred tax credits arising from tax loss carryforwards are recognized based on projections of taxable income of the Company and its subsidiaries, which support the recovery of the tax credits in accordance with current accounting practices. On a conservative basis, the Company and its subsidiaries classify all deferred tax credits in long-term receivables.

The recovery of all the deferred tax credits, indicated by the projections of taxable income approved by management and by the expected realization of temporary differences, is as follows:

	Estimated realization	
Years ended March 31:	**Parent Company**	**Consolidated**
2011	4.096	11.867
2012	6.925	12.673
2013	6.847	12.505
2014	6.463	12.036
2015	5.836	13.212
2016 and thereafter	9.358	49.854
	39.525	112.147

The deferred income tax and social contribution liabilities are realized principally through the depreciation and disposal of the property, plant and equipment items that gave rise to them. The realization of this liability is estimated at the average rate of 15% per year, according to the depreciation rates of the respective property, plant and equipment items. In addition, the period for settlement of securitized loans with maturity through 2021 impacts the period for recovery of the deferred income and social contribution tax assets.

(b) Reconciliation of income tax and social contribution

The income tax and social contribution (charge) benefit are reconciled to the effective rates as shown below:

All amounts in thousands of reais, unless otherwise indicated

	03/31/2010		03/31/2009	
Parent Company:	**Income tax**	**Social contribution**	**Income tax**	**Social contribution**
Profit (loss) before taxation	84.381	84.381	(78.381)	(78.381)
Standard rates of tax - %	25%	9%	25%	9%
	(21.095)	(7.594)	19.595	7.054
Reconciliation to the effective rate:				
Permanent differences				
Equity in the earnings (loss) of subsidiaries	22.584	8.130	(15.385)	(5.539)
Capital gain due to decrease in percentage holding	3.221	1.160		
Interest on own capital	1.591	573		
Tax benefits - Law 11941	339	122		
Other permanent differences	(297)	(107)	1.692	600
Workers' Meal Program (PAT)	24			
Income tax and social contribution benefit	6.367	2.284	5.902	2.115
Income tax and social contribution benefit	8.651		8.017	

	03/31/2010		03/31/2009	
Consolidated:	**Income tax**	**Social contribution**	**Income tax**	**Social contribution**
Profit (loss) before taxation	128.477	128.477	(131.816)	(131.816)
Standard rates of tax - %	25%	9%	25%	9%
	(32.119)	(11.563)	32.954	11.863
Reconciliation to the effective rate:				
Permanent differences				
Tax incentives - non-taxable ICMS	2.395	862	1.156	416
Deferred income tax and social contribution assets, not recorded	(923)	(332)	(461)	(166)
Interest on own capital	4.583	1.650		
Tax benefits - Law 11941	4.199	1.512		
Write-off of deferred tax in subsidiary - USL	(1.118)	(403)		
Other permanent differences	(1.195)	(431)	5.725	2.060
PAT and donations with incentives	688		9	
Income tax and social contribution (charge) benefit	(23.490)	(8.705)	39.383	14.173
Income tax and social contribution (charge) benefit	(32.195)		53.556	

23 INVESTMENT SUBSIDIES

UBV has a state tax incentive program in the State of Goiás consisting of the deferral of the payment of Value-added Tax on Sales and Services (ICMS), denominated "Program for the Industrial Development of Goiás - Produzir", with a partial reduction of ICMS. To use this benefit, UBV has to be in compliance with all the obligations defined in the program, the conditions of which refer to events under the control of UBV.

The benefit related to the tax reduction is calculated on the liability determined in each taxable period, through the application of the discount percentage granted by the benefit.

The investment subsidy obtained in the period was recorded in the statement of income under "Gross sales deductions", as a reduction of the account "ICMS payable". As it is not possible to distribute these amounts as dividends, a Reserve for Tax Incentives in the amount of the investment grant is recorded as an appropriation from Retained earnings (Accumulated deficit).

The incentive amount credited to operations for the years ended March 31, 2010 and 2009 was R$ 9,581 and R$ 4,626, respectively.

24 COMMITMENTS

24.1 Riparian forests and land for legal reserve

The Company and its subsidiaries have uncultivated areas covered by preserved native vegetation or in process of regeneration or reforestation intended to ensure the ecological balance of the environment. Such areas, under current environmental law, correspond to riparian forests and areas destined to the so called "legal reserve".

The riparian forests, hillsides, remaining original vegetation and areas registered as legal reserve are strictly observed and preserved upon sugar cane plantation. The Company and its subsidiaries do not interfere at all with these areas.

The Company - except for UBV, which has already acquired areas for agribusiness and forest conservation in the proportion established by the law - do not have legal reserve areas registered at the minimum percentage prescribed in current law, but have areas which are ready for proportional registration in the next 30 years (10% in each 3-year period), under the terms of the legislation of the State of São Paulo. However, as the obligation to abandon areas which are historically cultivated and assign them to the legal reserve is still being discussed at political and judicial levels, the Company is attentively following up the development of events and is evaluating different alternatives for complying with the legal requirements. USM is discussing this obligation in court and an unfavorable outcome is considered possible; in parallel, it is evaluating the possibility of signing a Conduct Adjustment Agreement with the Public Attorney's Office of Ribeirão Preto to regularize the legal reserve of some of its rural properties.

The amounts to be invested to comply with these obligations, the manner in which they will be carried out and the time required for their realization are not currently measurable. Investments in preservation areas, when made, are recorded in property, plant and equipment.

24.2 Sugar cane purchase agreements

The Company, USM and UBV entered into agreements for purchase of sugar cane produced in third party rural properties, of approximately 278 thousand metric tons (1,563 thousand metric tons - consolidated). The amount to be disbursed for these purchases will be determined at the end of each crop at the price per metric ton of sugar cane established by the model defined in the Council of Sugar cane, Sugar and Alcohol Producers of the State of São Paulo (CONSECANA). This commitment as of March 31, 2010, at the average price for the 2009/2010 crop, is calculated at R$ 40.76 (R$ 40.88 - consolidated) per metric ton of sugar cane, totaling approximately $ 11,330 (R$ 63,880 - consolidated).

24.3 Ethanol supply agreement

Under a sale and purchase agreement, the Company agreed to supply industrial ethanol to MC for 30 years, beginning in the 2008/2009 crop, in a proportion of 30% of all UBV's ethanol production. The agreement has a clause that prescribes that it is automatically renewable for 10 years.

24.4 Sureties

The Company and USM are guarantors of the loans contracted by UBV in the amount of R$ 410,259.

All amounts in thousands of reais, unless otherwise indicated

25 PROVISION FOR CONTINGENCIES

The Company and its subsidiaries, based on legal counsel's assessment of probable losses, maintain the following provisions for contingencies (amounts monetarily restated):

	Parent Company				
	03/31/2009	Additions	Uses/ reversals	Monetary restatement	03/31/2010
Tax	3.500	483	(964)	53	3.072
Civil	4.444	5.054	(4.000)	2.414	7.912
Labor	5.722	1.624	(1.519)	612	6.439
	13.666	7.161	(6.483)	3.079	17.423
(-) Judicial deposits	(4.827)	(1.314)	609	(92)	(5.624)
	8.839	5.847	(5.874)	2.987	11.799

	Consolidated				
	03/31/2009	Additions	Uses/ reversals	Monetary restatement	03/31/2010
Tax	46.053	1.694	(44.517)	962	4.192
Civil	6.290	5.204	(4.293)	3.230	10.431
Labor	54.428	12.580	(18.891)	5.154	53.271
	106.771	19.478	(67.701)	9.346	67.894
(-) Judicial deposits	(32.644)	(6.896)	11.646	(691)	(28.585)
	74.127	12.582	(56.055)	8.655	39.309

The nature of the main lawsuits included in the above provisions at March 31, 2010 is as follows (parent company and consolidated):

(I) Tax lawsuits:

These refer to: (i) taxes that are being challenged in court by the Company and its subsidiaries in which the amounts challenged have been deposited in court; (ii) contracts with success fees payable to different legal advisors for defenses in tax lawsuits.

The amounts of use and tax reversals mainly arise from the application to the REFIS program, enacted by Law 11941, of May 27, 2009, and reported in Note 17.

All amounts in thousands of reais, unless otherwise indicated

(II) Civil lawsuits:

These refer to: (i) compensation for damages and pain and suffering; (ii) public civil actions to stop the burning of sugar cane straw and formation of a legal reserve; and (iii) environmental lawsuits.

(III) Labor lawsuits:

Labor claims refer mainly to claims for: (i) overtime; (ii) commuting hours; (iii) indemnity for elimination of the lunch break; (iv) hazardous duty and health hazard premiums; (v) refund of payroll deductions such as confederation dues, union dues, etc.; (vi) night shift premium; and (vii) recognition of employment relationship with the consequent payment of the 13th month salary and vacation pay, plus 1/3 vacation bonus.

The Company and its subsidiaries are parties to several cases involving tax and civil matters that were assessed by their legal counsel as possible losses. No provision has been recorded for these cases. The nature and the amount of these lawsuits are as follows:

(IV) Tax lawsuits:

Consolidated			Stage				
	Subject	Number of lawsuits	Administrative	Trial court	Lower court	Higher court	Total
(i)	Social security contributions	18	58.055	11.752			69.807
(ii)	Negative balance of IRPJ	4	3.783	86	200	1.366	5.435
(iii)	Offset of credits - PIS	2	3.458		1.594		5.052
(iv)	Offset of federal taxes	3	1.200		1.340		2.540
(v)	Other tax cases	46	9.630	623	1.398		11.651
		73	76.126	12.461	4.532	1.366	94.485

In addition, in accordance with the terms of the withdrawal from Copersucar, the Company, USM and USL remain liable for the payment of any obligations, proportionate to their interest in Copersucar in previous harvests, which result from tax assessments that may arise or that relate to periods in which the Company and its subsidiaries were cooperative members. The State Finance authorities have issued tax assessments against Copersucar with respect to Value-added Tax on Sales and Services (ICMS) on fuel and industrial alcohol sales made by Copersucar up to December 31, 2008, as principal taxpayer or substitute taxpayer of the distribution companies. The adjusted amount calculated proportionately to the Company's and its subsidiaries' interest in the Cooperative amounts to R$ 37,263. The legal counsel assesses these lawsuits as a possible loss.

All amounts in thousands of reais, unless otherwise indicated

Copersucar believes it has strong arguments to successfully defend the fines imposed by the State Finance Departments during these assessments.

(V) Civil lawsuits:

Consolidated		Stage				
Subject	Number of lawsuits	Administrative	Trial court	Lower court	Higher court	Total
Environmental	97	1.707	8.773	1.076	4.460	16.016
Civil						
Indemnities	34		2.955	297	23	3.275
Review of contracts	11			21		21
Rectification of area and land	1					
Permits for obtaining Research License	6					
	149	1.707	11.728	1.394	4.483	19.312

Management of the Company and its subsidiaries, based on legal counsel's opinion, believe that there are no significant risks not covered by provisions in their financial statements or that might result in a significant impact on future results of operations.

26 FINANCIAL INSTRUMENTS

26.1 General considerations of risk management

The Company and its subsidiaries have policies and procedures to manage, through the use of financial instruments, the market risks related to foreign exchange variations and the volatility of the sugar price in the international commodities market, which are inherent to their business. These policies are monitored by management and approved by the Board of Directors and include: (a) management and continuous monitoring procedures on the exposure levels in terms of sales volumes contracted; (b) estimates of the value of each risk based on the established limits of foreign exchange exposure and sales prices of sugar; and (c) estimates of future cash flows and definition of approval limits to enter into derivative instruments designed to protect product prices and hedge sales performance against foreign exchange rate fluctuations and volatility in sugar prices.

In accordance with such policies, derivative financial instruments are only contracted for the purpose of pricing and hedging the Companies' sugar and ethanol export transactions against foreign exchange risks and sugar price fluctuations in the international market. The contracted transactions do not exceed sales values and volumes to be delivered to customers and their purpose is to ensure minimum profitability levels on the future sales. No transactions with financial instruments are carried out for speculative purposes or to hedge financial assets or liabilities.

The Company and its subsidiaries actively manage the contracted positions so that adjustments may be made in response to market conditions, operating mainly in the futures and options market of the New York Intercontinental Exchange (ICE Futures US) and in the over-the-counter market with solid financial institutions.

26.2 Derivative financial instruments

In accordance with accounting practices adopted in Brazil, derivative financial instruments must be classified as "held for trading" and recorded at their fair value in current assets when the fair value is positive and in current liabilities when it is negative. Fair value variations must be recorded in the statement of income, except when the derivative is designated for hedge accounting. The use of hedge accounting is optional and its purpose is to record the effects of derivative financial instruments at the same moment when the objects hedged affect the entity's results of operations, respecting the accrual basis of accounting and reducing the volatility arising from derivatives marked to market.

As from March 1, 2010, the Company and its subsidiaries opted for the use of hedge accounting to record a part of their derivative financial instruments. The instruments elected are sugar and foreign currency (U.S. dollar) derivatives - which cover the sales of the 2010/2011 crop and were classified as hedge of cash flows of expected transactions considered highly possible (future sales).

Derivatives designated for hedge accounting are recorded at their fair value in the balance sheet. The effective variations in the fair value of the derivatives designated and which qualify for hedge accounting are recorded in "Carrying value adjustments" in stockholders' equity, net of taxes, and recorded in the statement of income in "Gross sales revenues" when the revenue of the related hedged sale is recognized, which occurs in the month the sold products are shipped. The ineffective portion of the variations is recorded as financial income or expense in the same period in which it occurs.

In order to use hedge accounting, prospective tests were made to verify efficiency. These tests proved that the instruments designated for hedge provide a highly effective offset for the effects of price variations on the value of future sales.

In the case of foreign exchange hedges, derivatives were designated as hedge of cash flows arising from future sales in foreign currency. These hedges are carried out by contracting Non-Deliverable Forwards (NDFs) with leading financial institutions.

All amounts in thousands of reais, unless otherwise indicated

In the case of sugar hedges, derivatives were designated as hedge of cash flow variations arising from future sales of sugar. These transactions are carried out in the New York Intercontinental Exchange (ICE Futures US) and with leading financial institutions through over-the-counter contracts.

The balances of assets and liabilities at March 31, 2010 and 2009, relating to transactions involving derivative financial instruments, are as follows:

	Parent Company		Consolidated	
	03/31/2010	03/31/2009	03/31/2010	03/31/2009
Margin deposits	1.335	199	4.170	3.848
Potential results - futures - sugar	6.351	174	8.661	330
Potential results - options - sugar	1.195	569	1.195	492
Potential results - forward contracts - foreign exchange	947		2.682	(4.829)
Potential results - forward contracts - sugar	22.391		41.696	
	32.219	942	58.404	(159)
Assets - current assets	32.469	942	58.984	6.110
Liabilities - current liabilities	(250)		(580)	(6.269)
	32.219	942	58.404	(159)

Margin deposit balances refer to funds maintained in current accounts with brokers to cover the initial margins established by the Commodities Exchange in which the contracts are entered into, to collateralize outstanding contracts, and net remittances related to daily adjustments resulting from fluctuations in contract prices in the futures and options market.

Sugar future and option contract balances refer to the cumulative positive effect of the fair value of derivative financial instruments, under future and option contracts.

Forward contract balances payable - foreign exchange - refer to the cumulative positive (negative) effect of the fair value of derivative financial instruments, under forward foreign exchange contracts.

Sugar forward contract balances receivable refer to the cumulative positive effect of the fair value of derivative financial instruments, under commodity future contracts.

The maturity dates of the derivative financial instruments are based on the estimated shipment dates of the hedged sugar, and expected cash flows from these shipments, as agreed with the customers.

All amounts in thousands of reais, unless otherwise indicated

26.2.1 Statement of fair value of the derivative financial instruments

At March 31, 2010 and 2009, the fair value analysis of assets and liabilities related to transactions involving derivative financial instruments is as follows:

(a) Futures and options contracts:

	03/31/2010					03/31/2009				
Parent Company	Volume (Metric ton)	Average price (¢/lb)	Notional amount - R$	Fair value - R$	Payable/ receivable - R$	Volume (Metric ton)	Average price (¢/lb)	Notional amount - R$	Fair value - R$	Payable/ receivable - R$
Products - Sugar #11										
Futures Contracts										
Sales commitment	54.000	19,62	41.602	6.506	6.506	15.291	13,24	10.335	84	84
Purchase commitment	1.524	19,19	1.148	(155)	(155)	7.061	12,42	4.476	90	90
					6.351					**174**
Options Contracts										
Purchased position - sale	14.224	18,27	10.204	1.375	1.375	62.535	12,55	40.062	(1.020)	(1.020)
Purchased position - purchase	25.400	25,50	25.433	11	11					
Written position - purchase	39.624	24,04	37.403	(191)	(191)	62.535	14,00	44.688	1.589	1.589
					1.195					**569**

	03/31/2010					03/31/2009				
Consolidated	Volume (Metric ton)	Average price (¢/lb)	Notional amount - R$	Fair value - R$	Payable/ receivable - R$	Volume (Metric ton)	Average price (¢/lb)	Notional amount - R$	Fair value - R$	Payable/ receivable - R$
Products - Sugar #11										
Futures Contracts										
Sales commitment	74.066	19,58	56.951	8.816	8.816	19.863	13,42	13.603	240	240
Purchase commitment	1.524	19,19	1.148	(155)	(155)	7.061	12,42	4.476	90	90
					8.661					**330**
Options Contracts										
Purchased position - sale	14.224	18,27	10.204	1.375	1.375	118.110	12,60	75.990	(2.034)	(2.034)
Purchased position - purchase	25.400	25,50	25.433	11	11					
Written position - purchase	39.624	24,04	37.403	(191)	(191)	118.110	14,00	84.403	2.526	2.526
					1.195					**492**

The transactions listed above are based on the following terminology:

(a) Purchased position - sale: purchase of put options that grant the Company the right, but not the obligation, to sell at a previously established price.

(b) Purchased position - purchase: purchase of call options that grant the Company the right, but not the obligation, to purchase at a previously established price.

All amounts in thousands of reais, unless otherwise indicated

(c) Written position - purchase: sale of call options under which the Company has the obligation to sell at the agreed price at the buyer's discretion.

(d) Written position - sale: sale of put options under which the Company has the obligation to sell at the agreed price at the buyer's discretion.

(b) Foreign currency forward contracts (NDF over-the-counter - CETIP):

					Parent Company -	03/31/2010
Maturity	Position	US$ thousand	Average fixed rate - R$/US$ 1	Notional amount - R$	Fair value - R$	Receivable - R$
Jun/10	Sold	6.847	1,8204	12.465	121	121
Jul/10	Sold	4.057	1,8308	7.427	64	64
Aug/10	Sold	10.537	1,8448	19.439	166	166
Sep/10	Sold	5.977	1,8535	11.078	68	68
Oct/10	Sold	9.925	1,8582	18.443	32	32
Nov/10	Sold	19.000	1,8729	35.586	78	78
Jan/11	Sold	5.000	1,9869	9.935	418	418
		61.343				947

					Consolidated -	03/31/2010
Maturity	Position	US$ thousand	Average fixed rate - R$/US$ 1	Notional amount - R$	Fair value - R$	Receivable - R$
Jun/10	Sold	8.767	1,8212	15.967	162	162
Jul/10	Sold	9.863	1,8274	18.023	123	123
Aug/10	Sold	21834	1,8430	40.240	305	305
Sep/10	Sold	13.777	1,8870	25.998	600	600
Oct/10	Sold	26.282	1,8703	49.155	387	387
Nov/10	Sold	34.339	1,8848	64.724	528	528
Dec/10	Sold	2.240	1,9310	4.325	103	103
Jan/11	Sold	23.241	1,9185	44.589	474	474
		140.343				2.682

All amounts in thousands of reais, unless otherwise indicated

					Consolidated -	03/31/2009
Maturity	Position	US$ thousand	Average fixed rate - R$/US$ 1	Notional amount - R$	Fair value - R$	Accumulated effect - R$
May/09	Sold	6.000	2,3078	13.847	(157)	(157)
Jun/09	Sold	13.096	2,2780	29.832	(925)	(925)
Jul/09	Sold	1.000	2,4635	2.464	91	91
Aug/09	Sold	2.388	2,3672	5.653	(27)	(27)
Sep/09	Sold	8.400	2,2693	19.062	(1.005)	(1.005)
Oct/09	Sold	5.088	2,3869	12.145	(101)	(101)
Nov/09	Sold	4.900	2,2837	11.190	(632)	(632)
Dec/09	Sold	389	2,1340	830	(107)	(107)
Jan/10	Sold	6.300	2,3070	14.534	(808)	(808)
Mar/10	Sold	6.000	2,2600	13.560	(1.158)	(1.158)
		53.561				(4.829)

CETIP: Clearing House for the Custody and Financial Settlement of Securities.

The counterparties of the forward contracts are the financial institutions: Citibank, Rabobank, Bradesco, Santander, HSBC and Itaú BBA.

(c) **Sugar forward contracts "sugar 11" (NDF over-the-counter - CETIP):**

					Parent Company -	03/31/2010
Maturity	Position	Lots	Average fixed price (¢/lb)	Notional amount - R$	Fair value - R$	Receivable - R$
May/10	Sold	540	21,81	20.975	5.289	5.289
Jul/10	Sold	1.313	20,45	47.828	10.293	10.293
Oct/10	Sold	960	19,71	33.699	6.102	6.102
Mar/11	Sold	100	20,30	3.615	707	707
		2.913				22.391

All amounts in thousands of reais, unless otherwise indicated

					Consolidated -	03/31/2010
Maturity	Position	Lots	Average fixed price (¢/lb)	Notional amount - R$	Fair value - R$	Receivable - R$
May/10	Sold	765	21,84	29.760	7.567	7.567
Jul/10	Sold	2.514	20,17	90.312	18.297	18.297
Oct/10	Sold	2.306	19,78	81.225	14.967	14.967
Mar/11	Sold	120	20,37	4.354	865	865
		5.705				41.696

The counterparties of the sugar forward contracts "sugar 11" are the financial institutions: Citibank, Rabobank and Itaú BBA.

It is expected that the fair value of the derivative financial instruments will be realized in the following periods/months analyzed:

Consolidated (In R$ thousand)				Maturity by months analyzed	
	May/10	Jul/10	Oct/10	Mar/11	Total
PRODUCTS					
Derivatives designated as hedge					
Fair value of futures purchased	(165)				(165)
Fair value of futures sold	3.211	1.212	4.236	167	8.826
Fair value of NDFs sold	7.565	18.297	14.967	867	41.696
	10.611	**19.509**	**19.203**	**1.034**	**50.357**
Derivatives not designated as hedge					
Options					
Fair value of purchased position - sale	436	445	494		1.375
Fair value of purchased position - purchase	10				10
Fair value of written position - purchase	(13)	(46)	(131)		(190)
	433	**399**	**363**		**1.195**
TOTAL	**11.044**	**19.908**	**19.566**	**1.034**	**51.552**

Consolidated (In R$ thousand)				Maturity by period	
	1Q10	2Q10	3Q10	4Q10	Total
FOREIGN CURRENCY					
Derivatives designated as hedge					
Fair value of NDFs sold	162	1.028	1.017	475	2.682
	162	**1.028**	**1.017**	**475**	**2.682**

All amounts in thousands of reais, unless otherwise indicated

The results of transactions involving derivative financial instruments that affected the statements of income in the years ended March 31, 2010 and 2009 were:

	03/31/2010		31/03/2009	
Contracts bound to products:	Parent Company	Consolidated	Parent Company	Consolidated
Future contracts	(2.257)	(5.672)	(1.687)	1.206
Options	(9.372)	(13.371)	5.476	8.658
Forward contracts	(8.694)	(15.303)		
Commissions and brokerage fees	(406)	(574)	(350)	(626)
Foreign exchange variations	520	(244)	462	3.516
	(20.209)	(35.164)	3.901	12.754
Contracts bound to currency:				
Forward contracts	884	30.607	(4.404)	(20.064)
Net effect	(19.325)	(4.557)	(503)	(7.310)
Effect on the statement of income captions:				
Gross revenue	20	164		
Financial income	40.088	96.425	11.215	37.165
Financial expenses	(59.953)	(100.902)	(12.058)	(47.650)
Foreign exchange and monetary variation gain	555	1.465	510	3.994
Foreign exchange and monetary variation loss	(35)	(1.709)	(48)	(478)
General and administrative expenses			(122)	(341)
	(19.325)	(4.557)	(503)	(7.310)

26.3 Measurement of fair value

The fair value of the financial instruments contracted by the Company and its subsidiaries is measured based on information obtained from the financial institutions and prices quoted in an active market based on the standard market pricing methodology, which comprises measuring their nominal value up to the due date and discounting this to present value at future market rates. The use of different assumptions may cause estimated fair values to differ from realized amounts, since considerable judgment is required in interpreting market data.

The fair value of futures negotiated in the New York - Intercontinental Exchange (ICE Futures US) is calculated by the difference between the price of the derivative in the contract and the market closing price on the base date, obtained from quotations in the active market, and reconciled with creditor or debtor balances with the brokers. The fair value of options negotiated in the ICE is obtained from quotations in the market.

All amounts in thousands of reais, unless otherwise indicated

The fair value of forward contracts, both foreign exchange and sugar, contracted in the over-the-counter market with leading banks, is calculated using discounted future cash flow methods, which are based on market data on the date of each consummation, specifically the DI and DDI interest curves published by the BM&F, PTAX published by the Brazilian Central Bank, and prices of sugar futures in the ICE.

26.4 Margin deposits

In order to comply with the guarantees required by derivative exchanges for certain derivative transactions, the Company and its subsidiaries maintained at March 31, 2010 and 2009 the following amounts as guarantees of derivative transactions:

	Parent Company		Consolidated	
Brokers	**03/31/2010**	**03/31/2009**	**03/31/2010**	**03/31/2009**
Natixis	1.335	199	1.336	152
New Edge			2.836	3.696
Prudential			(2)	
	1.335	199	4.170	3.848

26.5 Future price risk

At March 31, 2010, 123,602 metric tons of sugar were hedged by sales contracts for future delivery scheduled for the period between April 2010 and March 2011, priced at an average of 22.31 ¢/lb (cents per pound weight) with the New York - ICE Futures US Exchange.

26.6 Exposure to credit risk

The Company’s credit risk management is to contract only with leading financial institutions, which comply with the Company and its subsidiaries’ risk assessment criteria, duly approved by the Board of Directors, through the Risk Management Policy.

Among these criteria, the New York - Intercontinental Exchange (ICE Futures US) has a credit risk accepted by the Company.

All amounts in thousands of reais, unless otherwise indicated

At March 31, 2010 and 2009, the Company's credit risk on derivative financial instruments was as follows:

	Parent Company		Consolidated	
Counterparty	03/31/2010	03/31/2009	03/31/2010	03/31/2009
ICE Futures US	7.546	743	9.856	822
Itaú BBA	14.728		27.587	(4.758)
Rabobank	1.429		7.666	
Citibank	6.359		7.310	698
HSBC Bank Brasil	277		701	
Santander	141		678	
Bradesco	404		436	455
ABC Brasil				160
Unibanco				(1.384)
	30.884	743	54.234	(4.007)

26.7 Financial investments

Financial investments consist principally of repurchase agreements backed by government securities and fixed-income funds, indexed to the Interbank Deposit Certificates (CDI) interest rate, with high liquidity and trading on the market, entered into with financial institutions that meet the Company's and subsidiaries' risk assessment criteria.

26.8 Assets and liabilities subject to foreign exchange variation

The table below summarizes foreign currency-denominated assets and liabilities (in U.S. dollars - US$), recorded in the consolidated balance sheet at March 31, 2010:

Current assets	R$	Thousands of US$ equivalents
Cash and banks	62.974	35.375
Financial investments	763	429
Trade accounts receivable	9.103	5.113
Derivative financial instruments	58.984	33.133
Total assets	131.824	74.050

All amounts in thousands of reais, unless otherwise indicated

Liabilities	**R$**	**Thousands of US$ equivalents**
Current:		
Loans and financing	(154.894)	(86.970)
Derivative financial instruments	(580)	(326)
Suppliers	(40)	(22)
Other liabilities	(3.245)	(1.822)
Non-current:		
Loans and financing	(209.213)	(117.469)
Other liabilities	(12.979)	(7.287)
Total liabilities	(380.951)	(213.896)
Net exposure - liabilities	(249.127)	(139.846)

These assets and liabilities were adjusted and recorded in the financial statements at March 31, 2010 at the exchange rate in effect on that date, of R$ 1.7802 per US$ 1.00 for assets and R$ 1.7810 per US$ 1.00 for liabilities.

The balance of short-term loans and financing, totaling R$ 154,894, refers basically to Advances on Foreign Exchange Contracts (ACC), maturing in April and September 2010, tied to product exports. The balance of long-term loans and financing, of R$ 209,213, refers to U.S. dollar-denominated export prepayment loans, raised by USM with international financial institutions, maturing in five (5) years.

As the above agreements will be settled through product exports, the Company's management believes that these transactions represent a natural hedge and thus the foreign exchange variations will only have a timing effect on the statements of income, without a corresponding effect on the companies' cash flows.

All amounts in thousands of reais, unless otherwise indicated

26.9 Sensitivity analysis

In accordance with CVM Instruction No. 475, the sensitivity analysis below has been prepared by the Company showing the effects of changes in the fair values of financial instruments relating to pricing and hedging against foreign exchange rate fluctuations and of other financial assets and liabilities in foreign currency at March 31, 2010, considered by management as the major risk to which the Company is exposed. This analysis considers management expectations with respect to the future scenario projected. For this reason, this analysis has not been reviewed by the independent auditors.

Parent Company:		Probable scenario		Possible scenarios	
Transaction	Risk	Average rate/ price	Effect on the statement of income and cash flows	Deterioration 25%	Deterioration 50%
Cash and banks	US$ devaluation	R$ 1,82	225	(2.395)	(5.015)
Trade accounts receivable	US$ devaluation	R$ 1,82	60	(643)	(1.347)
Short and long-term loans and financing	US$ appreciation	R$ 1,82	(921)	(11.662)	(22.403)
Forward contracts - foreign currency - NDF	US$ appreciation	R$ 1,82	2.728	(25.183)	(53.094)
Forward contracts - sugar - NDF	Increase in the commodity price	14,55 ¢/lb	11.517	(9.613)	(30.744)
Futures market - purchase	Decrease in the commodity price	19,19 ¢/lb	(92)	(317)	(542)
Futures market - sale	Increase in the commodity price	19,62 ¢/lb	3.672	(2.783)	502
"Call" sale	Increase in the commodity price	24,04 ¢/lb	181	178	176
"Call" purchase	Decrease in the commodity price	25,50 ¢/lb		(2)	(5)
“Put” purchase	Decrease in the commodity price	18,27 ¢/lb	544	64	(416)

All amounts in thousands of reais, unless otherwise indicated

Consolidated:

		Probable scenario		Possible scenarios	
Transaction	**Risk**	**Average rate/ price**	**Effect on the statement of income and cash flows**	**Deterioration 25%**	**Deterioration 50%**
Cash and banks	US$ devaluation	R$ 1,82	1.379	(14.709)	(30.797)
Trade accounts receivable	US$ devaluation	R$ 1,82	202	(2.157)	(4.516)
Short and long-term loans and financing	US$ appreciation	R$ 1,99	(42.201)	(143.778)	(245.355)
Accounts payable	US$ appreciation	R$ 2,02	(2.193)	(6.797)	(11.401)
Forward contracts - foreign currency - NDF	US$ appreciation	R$ 1,82	7.595	(56.261)	(120.117)
Forward contracts - sugar - NDF	Increase in the commodity price	14,53 ¢/lb	22.709	(18.614)	(59.938)
Futures market - purchase	Decrease in the commodity price	19,19 ¢/lb	(92)	(317)	(542)
Futures market - sale	Increase in the commodity price	19,58 ¢/lb	5.026	(3.811)	(578)
"Call" sale	Increase in the commodity price	24,04 ¢/lb	181	178	176
"Call" purchase	Decrease in the commodity price	25,50 ¢/lb		(2)	(5)
"Put" purchase	Decrease in the commodity price	18,27 ¢/lb	544	64	(416)

27 OTHER INCOME (EXPENSES), NET

In the year ended March 31, 2010, the caption Other income (expenses), net is mainly impacted by: a) expenses arising from the enrollment in the REFIS program amounting to R$ 7,161 (income of R$ 1,856 - consolidated), as shown in Note 17, and b) expenses arising from goodwill amortization, in the consolidated statement, of R$ 1,131.

All amounts in thousands of reais, unless otherwise indicated

For the year ended March 31, 2009, the caption Other income (expenses), net is mainly impacted by: a) income of R$ 6,349 (R$ 23,771 - consolidated) transferred by Copersucar, relating to the amount attributable to the Company, USM and USL in the reversal of the provisions for PIS and COFINS contributions charged on financial income that was recorded at the time in which they were cooperative members, due to the favorable outcome of the related lawsuit. This amount, which is restated by the SELIC rate, had as contra entry non-current assets, for future offset against liabilities due to the Cooperative, duly recorded in the financial statements; b) dividends of R$ 7,153 (R$ 27,310 - consolidated) transferred by Copersucar; c) loss of R$ 4,684, relating to the sale of investments held by USM in SCA, in the consolidated statement and d) expenses arising from amortization of goodwill on future profitability, of R$ 7,289, in the consolidated statement.

28 FINANCIAL INCOME (EXPENSES)

	Parent Company		Consolidated	
Financial income	**03/31/2010**	**03/31/2009**	**03/31/2010**	**03/31/2009**
Interest income	1.233	3.614	5.098	12.034
Gains on derivatives	40.088	11.215	96.425	37.165
Other income	390	1.595	3.106	3.232
	41.711	16.424	104.629	52.431
Financial expenses				
Interest expense	(14.342)	(18.162)	(61.917)	(102.543)
Losses on derivatives	(59.953)	(12.058)	(100.902)	(47.650)
Other expenses	(1.944)	(1.098)	(8.390)	(4.555)
	(76.239)	(31.318)	(171.209)	(154.748)
Monetary and foreign exchange variations				
Gains	25.342	4.649	166.222	44.653
Losses	(16.554)	(9.238)	(82.925)	(114.825)
	8.788	(4.589)	83.297	(70.172)
Net financial result	(25.740)	(19.483)	16.717	(172.489)

All amounts in thousands of reais, unless otherwise indicated

29 INSURANCE

The Company and its subsidiaries maintain a standard safety, training and quality program in its branches, which aims to, among other things, reduce the risk of accidents. In addition, they have insurance contracts with cover determined according to the advice of experts, taking into account the nature and degree of risk, in amounts considered sufficient to cover possible significant losses on its assets and/or liabilities. The amounts insured by the current insurance policies at March 31, 2010 are as follows:

Types of risk insured	Parent Company	Consolidated
Fire - property, plant and equipment items	100.000	308.500
Damage to inventories	70.000	192.000
Civil liability	20.000	20.000
	190.000	520.500

30 SUBSEQUENT EVENT

On June 21, 2010, the Company and Petróleo Brasileiro S.A. - Petrobrás, through its subsidiary Petrobrás Biocombustível S.A. (“PBio”), announced the signature of an investment agreement for ethanol production in the State of Goiás, Midwest region of Brazil.

The agreement establishes the formation of a new company, Nova Fronteira Bioenergia S.A., in which the Company will hold 51% ownership control and will merge the assets of its wholly-owned subsidiaries UBV and SMBJ, and PBio will hold 49% ownership control and will subscribe R$ 420,800 in shares.

The purpose is to increase the processing capacity of UBV to 7 million metric tons and implement the SMBJ ("greenfield") project. PBio will have preference under market terms and conditions in the purchase of up to 49% of the production of ethanol and of the excess electricity of the new company.

The transaction depends on the completion of the due diligence process by PBio and approval by the Brazilian anti-trust authorities and of the Company’s Board of Directors and General Meeting of stockholders.

31 RECONCILIATION OF THE CONSOLIDATED STOCKHOLDERS' EQUITYAND THE CONSOLIDATED NET INCOME (LOSS) IN ACCORDANCE WITH ACCOUNTING PRACTICES ADOPTED IN BRAZIL (BR GAAP) AND WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS – "IFRS"

In accordance with the requirements of the "Novo Mercado" - New Market - Corporate Governance regulations issued by the BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros ("BM&FBOVESPA"), - the São Paulo Stock, Futures and Commodities Exchange - the Company presents below the reconciliation of the differences between the stockholders' equity at March 31, 2010 and 2009 and consolidated net income (loss) for the years then ended, prepared in accordance with the accounting practices adopted in Brazil ("BR GAAP") and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board - IASB.

(a) Aplication of IFRS 1

The Company considered the guidelines established in IFRS1 – First-time Adoption of International Financial Reporting Standards in the preparation of the reconciliation of the stockkholders' equity at March 31, 2008 and loss for the year then ended March 31, 2008 between BR GAAP and IFRS (the "First Reconciliation").

The First Reconciliation was prepared and included as an additional note to the financial statements of the Company for the years ended March 31, 2009 and 2008 prepared in accordance with BR GAAP that were originally issued on May 22, 2009. The Company considered April 1, 2007 as the transition date for purposes of the First Reconciliation.

However, in accordance with IFRS 1, an entity's first IFRS financial statements are the first full annual financial statements in which the Company adopts IFRS, by an explicit and unreserved statement in those financial statements of compliance with IFRS. The reconciliation for the years ended March 31, 2010 and March 31, 2009 is not considered as a full financial statement and, therefore, these are not considered to be financial statements in accordance with IFRS. Moreover, at a future date, when the Company prepares its first financial statements in accordance with IFRS, the possibility cannot be excluded that the amounts in the accompanying reconciliation may have to be adjusted, since additional standards may be issued by the International Accounting Standard Board (IASB) or interpretations may be issued by the Financial International Reporting Interpretations Committee (IFRIC) that may impact the financial statements. Accordingly, until the first full set of complete financial statements are prepared and presented in accordance with IFRS, the possibility exists that the Reconciliation included in these financial statements may have to be changed.

(a.1) Exemption to the full retrospective application of IFRS

The exemptions from the full retrospective application of IFRS that were either not applicable or management decided not to apply the in the First Reconciliation, are as follows:

- Employee benefits
- Cumulative translation differences
- Compound financial instruments
- Assets and liabilities of subsidiaries and associates
- Share-based payment transactions
- Insurance contracts
- Changes in existing decommissioning, restoration and similar liabilities included in the cost of land, buildings and equipment

(a.2) Exemptions to the full retrospective application of IFRS adopted by the Company

"The following optional exemptions from the full restrospective application of IFRS were adopted by the Company."

- Business combinations

The Company elected not to reprocess the business acquisition that occurred prior to the date of transition to IFRS under IFRS 3. At April 1, 2007, the Company did not have goodwill arising from acquisitions prior to the transition date. The negative goodwill related to the capital increase on joint controlled entity Mogi Agrícola S.A., of R$ 358, was reversed to retained earnings as of the transition date to IFRS.

- Property, plant and equipment

The Company elected to use the balances of property, plant and equipment recorded under BR GAAP, as described in Note 2.2 (h), as the initial cost; these practices included that of periodical revaluations of the property, plant and equipment and the last such revaluation was recorded as of the date of transition. Therefore, the balance of property, plant and equipment on first-time adoption represents the depreciated cost, plus the revaluation amounts, less any impairment losses, if applicable, in accordance with IAS 16, “Property, plant and equipment.”

All amounts in thousands of reais, unless otherwise indicated

- Classification of financial instruments

The Company elected to classify and record its financial instruments according to IAS 32, “Financial Instruments: Presentation,” and IAS 39, “Financial Instruments: Recognition and Measurement,” on the transition date, without retroactive application. The classification and measurement of its financial instruments at the date of transition under IFRS did not result in differences in relation to their carrying amounts recorded under BR GAAP.

(b) Reconciliation of the consolidated stockholders’ equity at March 31, 2010 and 2009 and the consolidated net income (loss) for the years then ended between BR GAAP and IFRS

	Stockholders' equity		Consolidated net income (loss) year ended	
	3/31/10	**3/31/09**	**3/31/10**	**3/31/09**
Under BR GAAP	1.689.418	1.575.201	93.196	(71.865)
c.1 - Pre-operating expenses	(40.177)	(42.819)	2.642	(8.735)
c.2 - Biological assets	(64.045)	32.018	(96.063)	(17.958)
c.3 - Acquistion of joint venture	959	959		6.430
c.4 - Minority interest		18.243		(6.395)
c.5 - Deferred income tax and social contribution on net income on revaluation of land	(300.539)	(300.539)		
c.6 - Deferred income tax and social contribution on net income on the adjusments c.1 to c.3	35.084	3.535	31.549	6.889
	1.320.700	1.286.598	31.324	(91.634)
Attributable to owners of the Company	1.320.700	1.270.829	34.410	(81.762)
Attributable to minority interest		15.769	(3.086)	(9.872)
	1.320.700	1.286.598	31.324	(91.634)

(c) Description of the differences between the accounting practices and of the respective adjustments

(c.1) Pre-operating expenses

In accordance with IAS 38, “Intangible Assets,” pre-operating expenses should be charged to income as incurred.

In accordance with BR GAAP, the Company capitalized pre-operating expenses incurred with the UBV plant and began amortizing these expenses as from the start of its operations in 2008. The amortization rate used is 10% per year and is based on the period that the future benefits are expected to flow to the Company. As from December 31, 2008, as a result of changes in BR GAAP, pre-operating expenses should likewise be charged to income as incurred.

The original reconciliation for the year ended March 31, 2009 did not include an amount of R$ 3,035 in the line item pre-operating expenses, which has now been adjusted.

c.2) Biological assets

In accordance with BR GAAP, biological assets (which in the case of the Company correspond to sugar cane plantations) are recorded at historical cost of formation and crop treatment.

In accordance with IFRS (IAS41), biological assets should be recorded at estimated fair value after deducting point-of-sales costs with any resultant gain or loss recognized in the statement of income.

The cultivation of sugar cane begins with planting, followed by the first harvest after one year or one year and half (18 months), in which the plant is cut and the stubble is left behind. After cultivation treatment, this stubble grows again and produces crops for the next five years.

The new sugar cane roots in their intial stage of growth are valued at accumulated costs of planting and maintenance since this approximates fair value because of the small biological transformation that will have taken place since those significant initial costs were incurred.

All amounts in thousands of reais, unless otherwise indicated

The valuation model and assumptions used to determine fair value are reviewed annually and, if necessary, adjusted. Accordingly, the fair value of sugar cane was determined based on the average estimated future market prices of sugar for each year based on published information, applied to the estimated sugar cane volumes to be produced, less estimated costs of treatment, harvesting, land lease and other expenses to be incurred to deliver the sugar cane. The prices are based on the most accurate estimated future profitability, considering the expected production for each type of cane, as well as on market information available at the time of each analysis and the production mix of each company using sugar cane as a raw material.

Based on estimated revenues and costs, the Company obtains the cash flow to be generated in each year and discounts it at a rate to adjust the amounts to present value for the recognition of the biological asset.

Gains or losses arising from differences between the fair value and the costs incurred affect the profit or loss for the period, recognized as Changes in fair value.

The changes in the biological assets fair value during the years are the following:

	3/31/10	**3/31/09**
Biological assets at beginning of the year	528.546	465.534
Increase due to new sugar cane plantation	138.140	48.612
Gain (loss) arising frm changes in fair value due to physical and prices changes	(113.775)	188.530
Decrease due to harvest	(81.678)	(174.130)
Biological assets at the end of the year	471.233	528.546

(c.3) Acquisitions of jointly-owned subsidiaries

In accordance with IAS 31, "Interests in Joint Ventures" and following IFRS 3 methodology, "Business Combinations," the cost of an acquired jointly-controlled entity is recorded based on the fair value of consideration paid and allocated to the assets acquired, including identifiable intangible assets, and liabilities, including contingent liabilities, assumed based on their estimated fair values on the date of acquisition. The excess of the cost of an acquired jointly-controlled entity over the net of the amounts assigned to assets acquired and liabilities assumed is recognized as goodwill. This goodwill is not amortised but is tested annually for impairment. In accordance with IFRS, the purchase method of accounting is also applied to acquisitions of investments.recorded on the equity method of accounting.

In accordance with BR GAAP, the goodwill is calculated based on the amount paid, adjusted by specific contractual price adjustment provisions, less the shareholders' equity of the acquired company under BR GAAP as of the acquisition date. The goodwill portion related to future profitability was being amortized in up to ten years, based on the estimated period of return on the investment established in an independent economic appraisal. As from April 1, 2009, goodwill will be no longer amortized under BR GAAP, but tested annually for impairment.

Acquisition of the equity investments in USL and AA

On April 12, 2007, EP, a joint venture established by USM, Cosan S.A. Indústria e Comércio and Santa Cruz S.A. Açúcar e Álcool, whose interests were 41.67%, 33.33% and 25.00%, respectively, acquired USL and AA for R$ 184,080 and R$ 61,360, respectively. This transaction was accounted for on the purchase method, in accordance with IFRS 3.

In accordance with IFRS, the goodwill generated on these acquisitions was attributed to their future profitability.

Considering that the acquisitions occurred on April 12, 2007, the total consolidated gross operating profit and the consolidated net loss of the year ended March 31, 2008 approximate the consolidated gross operating profit and consolidated net loss if the acquisition had occurred on April 1, 2007 (the transition date).

The reconciliation of the goodwill at March 31, 2010 and 2009 between the amounts reported under BR GAAP and IFRS is as follows:

All amounts in thousands of reais, unless otherwise indicated

	R$
Under BR GAAP	34.015
Goodwill amortization	5.673
Costs directly attributable to the acquistions of jointly-controlled business combinations (i)	556
Allocation to biological assets	(6.683)
Deferred tax credit on difference between carrying amount and tax basis of goodwill	302
Deferred tax on differences between carrying amount and tax basis of assets and liabilities acquired	2.907
Allocation to deferred tax asset	17.523
Other allocations to assets and liabilities acquired	(1.860)
Under IFRS	52.433

(i) Net of R$286 of taxes.

The reconciliation of the effects of applying IAS 31 and that of the purchase method of IFRS 3 on shareholders' equity at March 31, 2010 and 2009 and on net income (loss) for the years then ended is as follows:

	Stockholders' equity at 03/31/10 and 3/31/09	Loss at March 31, 2009
Negative goodwill on Mogi Agrícola S.A.	358	
Costs directly attributable to the acquisition of jointly-controlled entity	556	
Goodwill amortization under BR GAAP	8.595	7.084
Realization of the allocation of goodwill to other assets and liabilities	(8.550)	(654)
Under IFRS	959	6.430

(c.5) Minority interest

In accordance with IAS 27, “Consolidated and Separate Financial Statements,” minority interests are recorded within shareholders’ equity, separately from the controlling shareholders’ equity. Minority interests are not deducted from net income in the statement of income but are identified separately from the controlling shareholder’s interest in net income.

In accordance with BR GAAP, minority interests are presented between non-current liabilities and shareholders’ equity in the balance sheet, and are deducted from net income or loss in the statement of income. At March 31, 2010, the Company no longer has any minority shareholders, since as described in Note 1.2 the minority interest was acquired byu the Company.

(c.6) Deferred income tax and social contribution on net income on the revaluation of land

Interpretation SIC 21, “Income Taxes — Recovery of Revalued Non-Depreciable Assets,” requires that a deferred income tax liability be recorded on the revaluation of assets regardless of the method that the asset will be recovered, either by depreciation, amortization, sale or disposal. Therefore, a deferred income tax liability must be recorded based on the difference between the tax basis and the IFRS carrying amount, even if the assets are not depreciated. Accordingly, in the first-time adoption of IFRS, the Company has recorded a deferred tax liability on the revaluation of land recorded before the first-time adoption of IFRS.
Under BR GAAP a deferred income tax liability is not recorded for revaluation of non-depreciable assets.

In the original reconciliation for the year ended March 31, 2009, the amount of R$ 7,189 was incorrectly considered as income tax and social contribution on the revaluation of land. Consequently, this amount was adjusted in this reconciliation and the amount was changed from R$ 307,728 to R$ 300,539.

(c.7) Deferred income tax and social contribution on net income

The Company recognizes deferred income tax and social contribution on the reconciling items between BR GAAP and IFRS with regard to items c.1) to c.3).

All amounts in thousands of reais, unless otherwise indicated

(d) Statements of changes in shareholders' equity under IFRS

	2010	2009
At the beginning of the year	1.286.598	1.363.104
Net income (loss) of the year	31.324	(91.634)
Purchase of treasury shares		(1.899)
Capital increase of minority shareholders		17.027
Proposed mandatory dividend	(6.469)	
Interest on own capital paid in 2010	(18.331)	
Results of derivative transactions - *hedge accounting*	45.821	
Acquisition of minority interest	(18.243)	
At the end of the year	1.320.700	1.286.598

(e) Additional disclosure required by IFRS - Earnings (loss) per share

IAS 33, "Earnings per Share," states that an entity whose securities are publicly traded must present basic and diluted earnings per share.

Basic earnings per share are calculated by dividing the net income (loss) for the year attributed to shareholders by the weighted average of the outstanding shares during the year, including the issue of subscription warrants.

An entity must calculate diluted earnings (loss) per share taking into account the net income (loss) attributable to shareholders and the weighted average of the outstanding shares, plus the effects of all potentially issuable shares. All instruments and contracts that can result in the issue of shares are considered to be potential shares.

Comparative figures must be adjusted to reflect possible capitalizations, issue of subscription warrants or stock splits. If these alterations occur after the date of the balance sheet but before the authorization for the issue of the financial statements, the calculations per share of these or any financial statements for previous periods should be based on the new number of shares.

All amounts in thousands of reais, unless otherwise indicated

BR GAAP states that earnings (loss) per share should be calculated by dividing the net income (loss) for the year by the number of outstanding shares at the end of the year. The concept of diluted earnings (loss) per share does not exist. There is also no requirement to adjust the prior periods amounts for stock splits or reverse stock splits or similar transactions.

The Company did not have ordinary shares at March 31, 2010 and 2009 subect to potential dilution and therefore diluted earnings (loss) per share are equivalent to basic earnings (loss) per share.

The table below shows the calculations of the basic and diluted earnings (loss) per share:

	2010	**2009**
Net income (loss) attributable to the Company's shareholders	34.410	(81.762)
Weighted average of common shares	112.946	112.946
Net income (loss) per share - basic and diluted - R$	0,3047	(0,7239)

* * *

São Martinho

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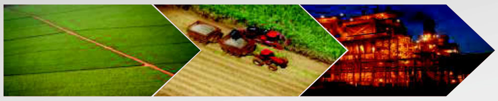

Results

2009/2010 Harvest

SÃO MARTINHO REPORTS NET INCOME OF R$93.2 MM IN 2009/10 HARVEST YEAR

São Paulo, June 29, 2010 – SÃO MARTINHO S.A. (BM&FBovespa: SMTO3; Reuters SMTO3.SA and Bloomberg: SMTO3 BZ), one of the largest sugar and ethanol producers in Brazil, announces today its results for the fourth quarter of fiscal year 2010 (4Q10) and the 12 months of the 2009/10 harvest year (12M10).

HIGHLIGHTS

- In 12M10, the 96% growth in sugar sales volume and the improvement in ethanol and sugar prices were the main drivers of the net revenue growth from 12M09 of 52.8% to R$1,183.3 million;

- Net revenue in 4Q10 grew by 33.0% from 4Q09, reflecting the 69.3% increase in sugar sales volume and the 32.7% increase in sugar prices. As a result, in 4Q10, Adjusted EBITDA and Hedge EBITDA were R$120.2 million (margin of 33.8%) and R$129.0 million (margin of 36.3%), respectively;

- In 12M10, Adjusted EBITDA stood at R$363.7 million (margin of 30.7%), which represents a substantial increase of 90% from 12M09. In the same period, our sugar price and U.S. dollar strategy boosted net revenue by R$29.8 million, increasing our EBITDA after hedge effects (Hedge EBITDA) to R$393.5 million;

- With the improvement in EBITDA throughout fiscal year 2010, the São Martinho Group recorded Net Income of R$93.2 million in 12M10, reversing the loss of R$71.8 million in 12M09. In 4Q10, Net Income was R$20.9 million, basically reflecting the growth in sugar sales volume;

- On March 31, 2010, the São Martinho Group had 474,400 metric tons of sugar fixed at an average price of US$20.51 cents/pound, which corresponds to approximately 55% of the production projected for the 2010/11 harvest year;

- Based on the current scenario for sugar and ethanol prices, we forecast production in the 2010/11 harvest year of approximately 600,000 cubic meters (m³) of ethanol and 860,000 metric tons of sugar. Accordingly, approximately 54% of the sugarcane crushed in the period should be allocated to ethanol production and 46% to sugar production. This production should come from the crushing of 13.7 million metric tons of sugarcane at the Group's mills in the 2010/11 harvest year.

4Q10 Earnings Conference Call

Portuguese
June 30, 2010
2:00 p.m. (Brasília)
1:00 p.m. (US EST)
Dial-in:
+55 (11) 2188-0155
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Webcast with Slides:
www.saomartinho.ind.br/ri

English
June 30, 2010
3:30 p.m. (Brasília)
2:30 p.m. (US EST)
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SMTO3 NOVO MERCADO BM&FBOVESPA

Partnership with Petrobras – Main Financial Impacts

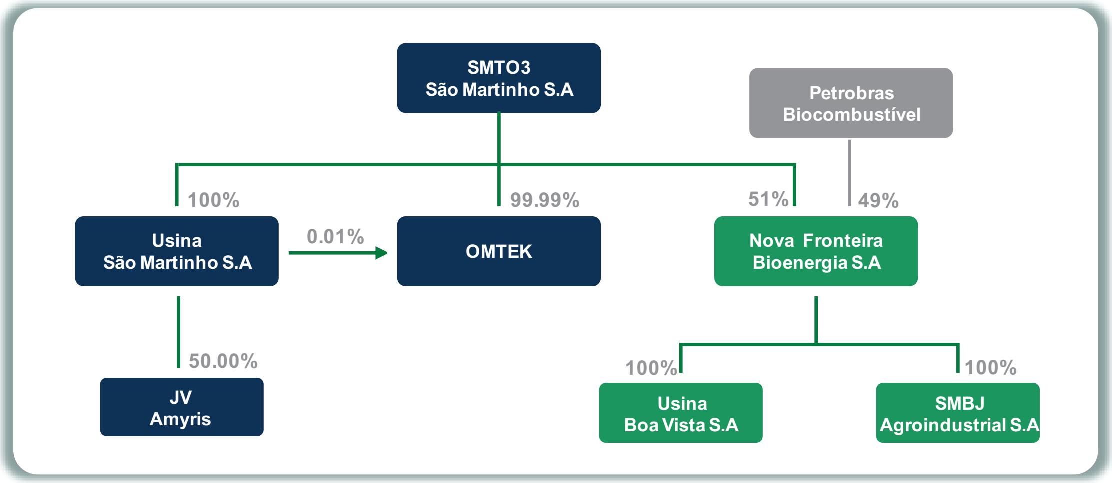
On June 21, 2010, the Group announced a strategic partnership with Petrobras to expand ethanol production in Brazil's Midwest, notably in the state of Goiás.

As part of the agreement, Petrobras will transfer R$420.8 million in shares to the company "Nova Fronteira Bioenergia S.A." (the controlling shareholder of the Boa Vista Mill and the greenfield project SMBJ Agroindustrial S.A.) in exchange for a 49% interest in this company.

The table below presents a summary of the main impacts on our balance sheet (base date of March 31, 2010) as a result of the share transfer by Petrobras Biocombustível.

	São Martinho Group (Before partnership with Petro)	São Martinho Group (After partnership with Petro)
Crushing Capacity	14 million tons	12.8 million tons
Net Revenue	R$ 1,183 MM	R$ 1,097 MM
Adjusted EBITDA	R$ 364 MM	R$ 348 MM
Net Debt	R$ 825 MM	R$ 409 MM
Net Debt / EBITDA	2.27 x	1.18 x
Shareholders' Equity	R$ 1,689,418 thousand	R$ 1,689,755 thousand

Organizational chart post-restructuring:



FINANCIAL HIGHLIGHTS

FINANCIAL HIGHLIGHTS (R$ Thousand)	4Q10	4Q09	Chg. (%)	12M10	12M09	Chg. (%)
São Martinho - Consolidated						
Gross Revenue	379,333	300,185	26.4%	1,282,149	867,629	47.8%
Net Revenue	355,377	267,258	33.0%	1,183,286	774,443	52.8%
Adjusted EBITDA	120,210	77,023	56.1%	363,694	189,792	91.6%
EBITDA Margin	33.8%	28.8%	5.0 p.p.	30.7%	24.5%	6.2 p.p.
Hedge Result	8,858	n.m.	n.m.	29,782	n.m.	n.m.
Hedge EBITDA	129,068	n.m.	n.m.	393,476	n.m.	n.m.
Hedge EBITDA Margin	36.3%	n.m.	n.m.	33.3%	n.m.	n.m.
Consolidated Balance Sheet Indicators						
Total Assets	3,320,554	3,394,692	-2.2%	3,320,554	3,394,692	-2.2%
Shareholders' Equity	1,689,418	1,575,201	7.3%	1,689,418	1,575,201	7.3%
EBITDA (LTM)	363,694	189,792	91.6%	363,694	189,792	91.6%
Net Debt	824,505	941,538	-12.4%	824,505	941,538	-12.4%
Net Debt / EBITDA (LTM)	2.27 x	4.96 x		2.27 x	4.96 x	
Net Debt / Shareholders' Equity	49%	60%		49%	60%	

OPERATING DATA	12M10	12M09	Chg. (%)
São Martinho - Consolidated			
Crushed Sugarcane ('000 tons)	12,923	12,001	7.7%
Own	7,584	7,212	5.2%
Third Parties	5,339	4,789	11.5%
Mechanized Harvest	84.4%	81.4%	3.0 p.p
Production			
Sugar ('000 tons)	702	555	26.5%
Anhydrous Ethanol ('000 m^3)	226	287	-21.2%
Hydrous Ethanol ('000 m^3)	367	387	-5.1%
Ribonucleic Acid (RNA) Sodium Salt ('000 Kg)	279	274	1.9%
Energy ('000 MWh)	159	89	77.7%

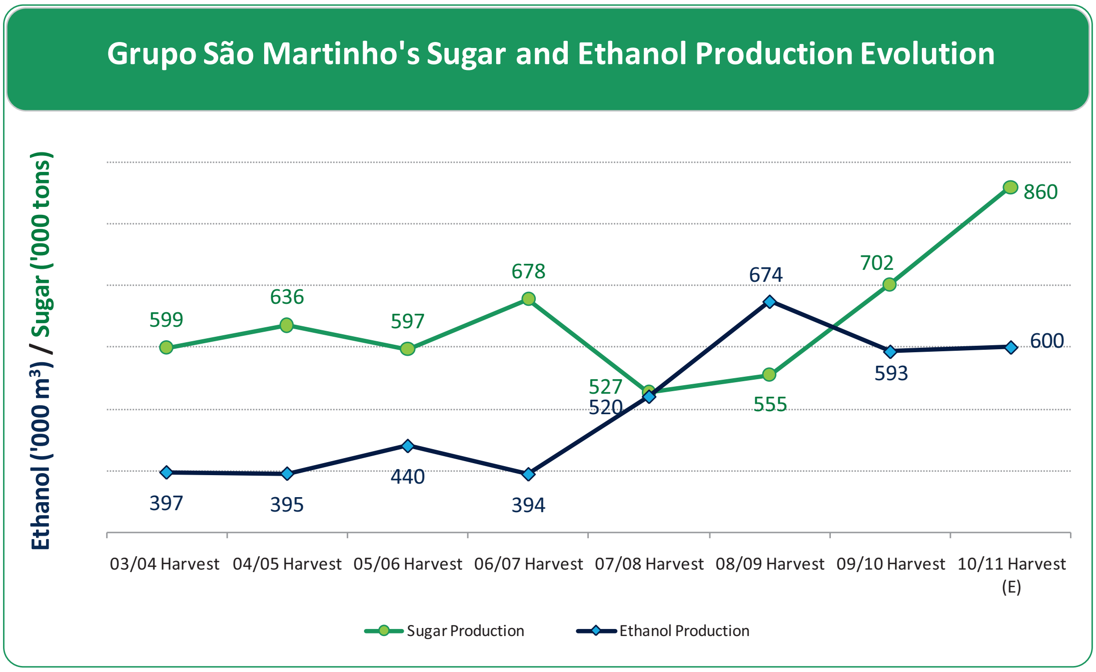
Despite adverse weather conditions, the São Martinho Group crushed 12.9 million metric tons of sugarcane in the 2009/10 harvest year, achieving the crushing target it established for the period.

By production unit, the São Martinho Mill once again led production, crushing 8.1 million metric tons in the period and once again setting a world record for the highest crushing volume by a single mill.

Our production mix prioritized the production of sugar, ending the 2009/10 harvest year with sugar production of 702,000 metric tons, up 26.5% from the previous harvest year.

GUIDANCE FOR THE 2010/11 HARVEST YEAR

PRODUCTION GUIDANCE	Production Volume (10/11)	4Q10 Inventories	Available for sale in FY2011
Product			
Sugar ('000 tons)	860	24	884
Ethanol ('000 m^3)	600	35	635



In the 2010/11 harvest year, the São Martinho Group's three mills should crush 13.7 million metric tons of sugarcane. Our production mix will seek to maximize sugar production at the São Martinho Mill and Iracema Mill, which should produce a combined total of approximately 860,000 metric tons. Combined ethanol production at the three units should amount to 600,000 m^3.

The projected growth in sugar production in the 2010/11 harvest year reflects the investments announced in December 2009 to increase the flexibility of sugar and ethanol production at our units located in São Paulo state.

INDUSTRY OVERVIEW - SUGAR

AVERAGE PRICES - SUGAR	4Q10	4Q09	Chg. (%)	12M10	12M09	Chg. (%)
Market Prices						
Dollar	1.80	2.31	-22.0%	1.87	1.98	-5.5%
NY11 Cents / Pound	24.39	12.73	91.6%	20.80	12.14	71.3%
NY11 R$ / Ton	969.15	648.78	49.4%	857.84	528.87	62.2%
Sugar ESALQ Net R$ / Sack	59.44	36.26	63.9%	46.13	27.33	68.8%

In 4Q10, sugar set a succession of new high prices for the 2009/10 harvest year, reaching US$29.9 ¢/pound on January 29, 2010. However, since February, we observed sharp price corrections, with sugar prices between US$14.0 ¢/pound and US$16 ¢/pound since April.

In 4Q10, the NY11 sugar price in BRL was 49.4% higher than in 4Q09, reflecting the price increase in USD of 91.6% and the appreciation in the BRL against the USD of 22% in the same period. In 12M10, the BRL sugar price rose by 62.2%, mainly reflecting the 71.3% increase in the USD sugar price, since the BRL appreciated against the USD by 5.5% in the period.

The high volatility in sugar prices during the 2009/10 harvest year reflected the changes in the supply scenarios in Brazil and India. Among other factors, weather conditions had different impacts on production in each country. In Brazil, the heavy rainfall adversely affected total sugarcane crushing volume and reduced the volume of total recoverable sugar (TRS), leading ethanol and sugar production to fall short of the forecasts formulated at the start of the year.

In India, sugar production volume at the end of 2009/10 surprised on the upside, since sugar production was 18 million metric tons in the period, compared with the market's initial forecast of 14 million metric tons.

Production forecasts for the 2010/11 harvest have been pressuring sugar prices since February 2010. The likely increase in sugar production in Brazil (+ 5.4 MT) combined with growth in India's production (which could reach 24.7 MT) should reestablish a surplus after two harvest years in which world supply lagged world consumption.

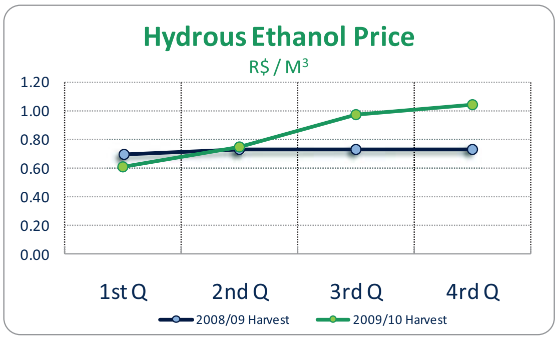
However, as the following table shows, the availability of world stocks in the 2010/11 harvest year should remain at low levels, indicating the need to rebuild stocks, which could help support a recovery in sugar prices.

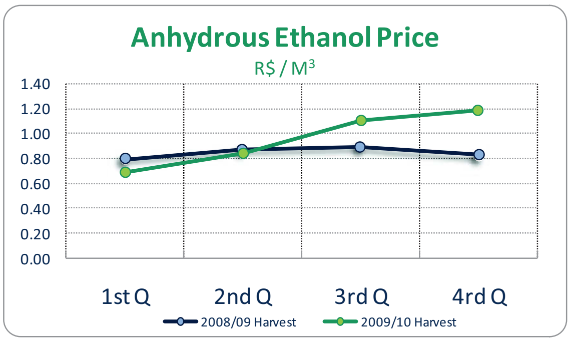
SUGAR	05/06	06/07	07/08	08/09	09/10	10/11 E
Data - USDA						
World Supply ('000 tons)	223.24	238.48	242.96	230.93	231.18	238.33
World Demand ('000 tons)	142.59	152.55	152.21	154.37	154.15	157.67
Ending Stocks ('000 tons)	30.78	34.49	39.22	27.69	26.52	27.02
Stocks / Demand	21.6%	22.6%	25.8%	17.9%	17.2%	17.1%

Source: USDA - United States Department of Agriculture

INDUSTRY OVERVIEW - ETHANOL

AVERAGE PRICES - ETHANOL	4Q10	4Q09	Chg. (%)	12M10	12M09	Chg. (%)
Market Prices						
Anhydrous ESALQ, Net DM R$ / m^3	1,186.35	825.15	43.8%	955.45	849.41	12.5%
Hydrous ESALQ, Net DM - R$ / m^3	1,038.35	735.50	41.2%	836.18	721.94	15.8%





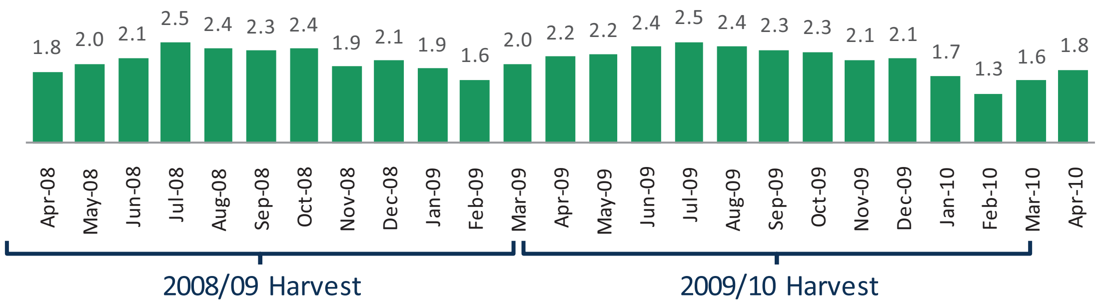
In 4Q10, hydrous and anhydrous ethanol prices increased by 43.8% and 41.2% from 4Q09, respectively, reflecting the lower production volume in Brazil's Center-South region in the period. In 12M10, prices increased by only 12.5% for anhydrous ethanol and 15.8% for hydrous ethanol, reaching the levels observed in the 2006/07 harvest year. This price scenario led to a temporary drop in ethanol demand in early 2010, as the following chart shows. However, with the onset of the crushing period in April 2010, consumption has already begun to rebound as a result of the recovery in the competitiveness of ethanol in relation to gasoline at the pump.

For the coming harvest, according to the latest forecasts made by UNICA, Brazil's Center-South region should expand its ethanol production by approximately 3.7 billion liters, reestablishing a balance in the market. The main drivers of this strong growth should probably be higher sugarcane crushing volume and better TRS levels.

A portion of the additional ethanol volume expected for the next harvest represents the operational startup of new units in the Center-South region. UNICA estimates that 10 new units will come on line in the 2010/11 harvest, which is a much lower number than in previous harvest years, with 25 new units inaugurated in 2007/08, 30 in 2008/09 and 19 in 2009/10.

Ethanol Demand – Center-South Region

Billion Liters



FINANCIAL PERFORMANCE

NET REVENUE BREAKDOWN	4Q10	4Q09	Chg. (%)	12M10	12M09	Chg. (%)
R$ Thousand						
Domestic Market	**152,252**	**164,556**	**-7.5%**	**561,001**	**498,360**	**12.6%**
Sugar	14,848	7,965	86.4%	48,682	23,386	108.2%
Hydrous Ethanol	66,529	106,159	-37.3%	268,996	261,576	2.8%
Anhydrous Ethanol	66,650	44,657	49.2%	186,183	167,767	11.0%
Energy	-	893	n.m.	22,301	16,445	35.6%
Other	4,225	4,883	-13.5%	34,839	29,186	19.4%
Export Market	**203,125**	**102,701**	**97.8%**	**622,285**	**276,083**	**125.4%**
Sugar	184,419	80,725	128.5%	533,571	205,716	159.4%
Hydrous Ethanol	9,562	14,462	-33.9%	46,236	23,083	100.3%
Anhydrous Ethanol	-	-	n.m.	21,423	29,098	-26.4%
RNA	9,145	7,515	21.7%	21,055	18,186	15.8%
Net Revenue	**355,377**	**267,258**	**33.0%**	**1,183,286**	**774,443**	**52.8%**
Sugar	199,267	88,690	124.7%	582,252	229,102	154.1%
Hydrous Ethanol	76,091	120,620	-36.9%	315,232	284,658	10.7%
Anhydrous Ethanol	66,650	44,657	49.2%	207,606	196,864	5.5%
RNA	9,145	7,515	21.7%	21,055	18,186	15.8%
Energy	-	893	n.m.	22,301	16,445	35.6%
Other	4,225	4,883	-13.5%	34,839	29,186	19.4%

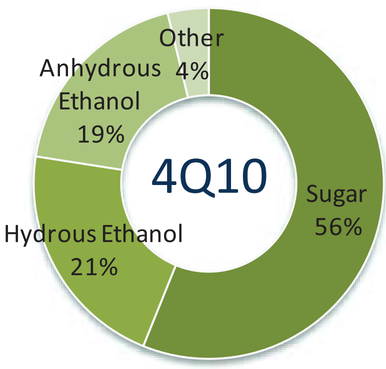
Net Revenue

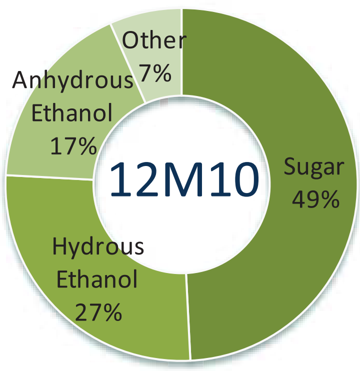
In 4Q10, the São Martinho Group recorded Net Revenue growth of 33.0% from 4Q09, reflecting the 69.3% increase in sugar sales volume and the 32.7% increase in sugar sales prices. Ethanol sales revenue, however, declined by 14% from 4Q09, mainly due to the 39% reduction in sales volume, which was partially offset by the increase in the average sales price in the period.

In 12M10, net revenue increased by 52.8% from the previous fiscal year, driven primarily by the increases in both sugar sales volume and prices during the 2009/10 harvest year.

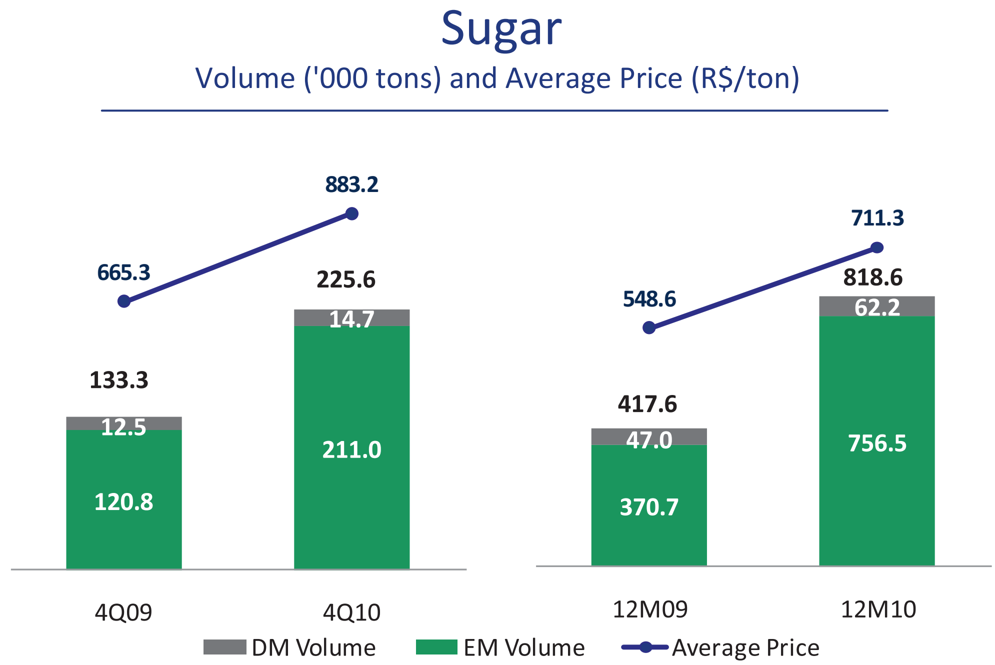
Net Revenue Breakdown

4Q10 vs. 12M10





Sugar

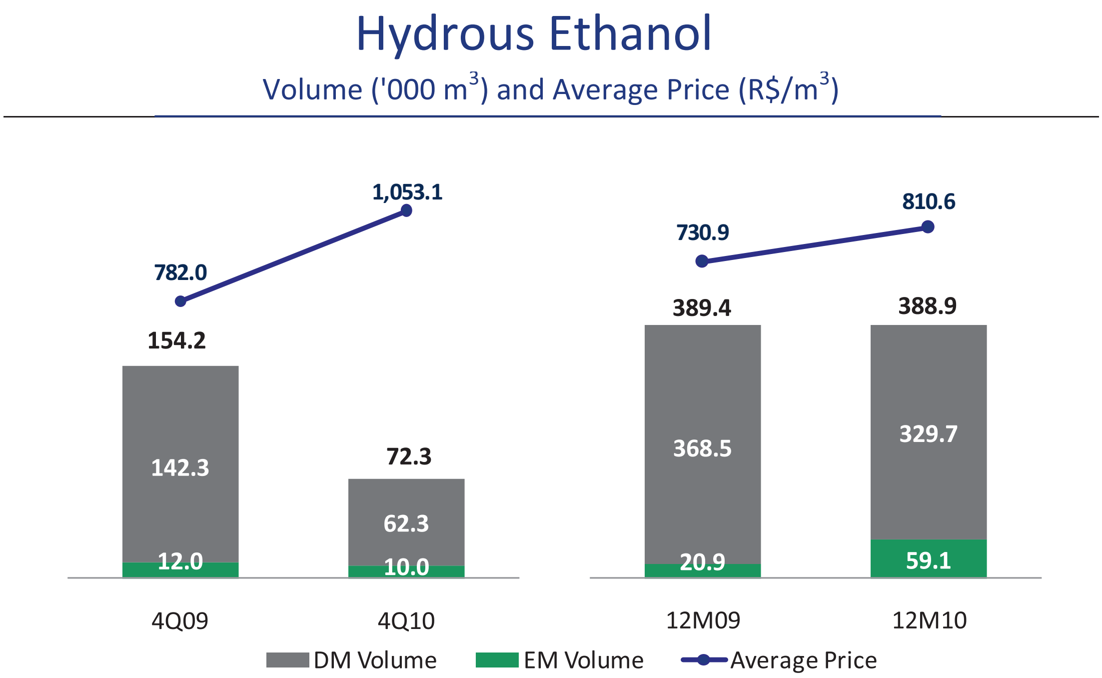


Net revenue from sugar sales totaled R$199.2 million in 4Q10, an increase of 124.7% from R$88.7 million in 4Q09. The increase of 69.3% in sales volume and the higher prices in both the domestic and international markets were the key drivers of the strong net revenue growth.

The average international sugar price stood at US$22 cents/pound in 4Q10, an increase of 67.7% in relation to 4Q09.

In 12M10, the average sugar sale price was US$17.25 cents/pound, reflecting the gradual recovery in sugar hedge prices since 1Q10. Note that sugar sales volume in 12M10 was 818,000 metric tons, of which 17% (approximately 141,000 metric tons) was related to ending stocks from the 2008/09 harvest year priced at under US$13 cents/pound.

Ethanol

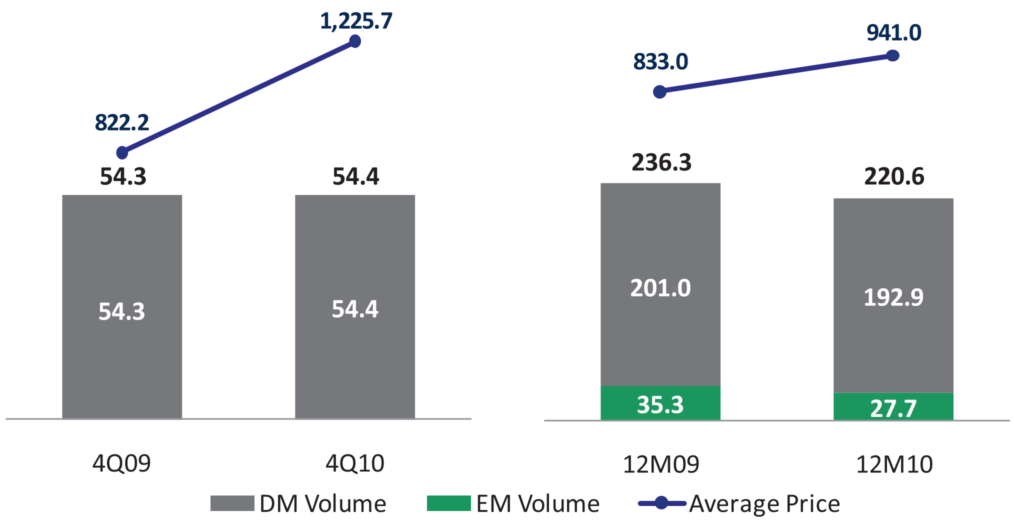


Net revenue from hydrous ethanol sales was R$76.0 million in 4Q10, down 36.9% from 4Q09, mainly reflecting the 53.2% drop in sales volume, which was partially offset by the 34.7% improvement in the average sales prices.

In 12M10, net revenue from hydrous ethanol sales increased by 10.7% to R$315.2 million. reflecting the 10.9% increase in the average sales price, since sales volume was practically stable from the previous harvest.

Anhydrous Ethanol

Volume ('000 m^3) and Average Price (R$/$m^3$)



Net revenue from anhydrous ethanol sales in the quarter was R$66.6 million, up 49.2% from 4Q09. The 49.1% increase in the sales price was the main driver of this product's revenue improvement, since in 4Q10 sales were virtually stable in relation to 4Q09.

In 12M10, net revenue from anhydrous ethanol sales climbed 5.5%, due to the reduction in sales volume (-6.7%), which was ultimately offset by the 13.0% increase in the price.

The decline in sales volume was mainly related to the lower yields (lower sugarcane TRS) caused by the heavy rains that adversely affected the 2009/10 crop in the Center-South region.

Ribonucleic Acid (RNA) Sodium Salt

Net revenue from RNA sodium salt amounted to R$9.1 million in 4Q10, growing by 21.7% from 4Q09, reflecting the 56.6% increase in sales volume, which was partially offset by the reduction of 22.5% in the BRL sales price, which basically reflected appreciation in the BRL against the USD similar to the level in 4Q09.

In 12M10, revenue from RNA grew 15.8% from the previous fiscal year, explained by the 6.0% growth in sales volume and the 9.1% increase in the sales price from 12M09.

Electricity

Most electricity generation occurs during the crushing months (from April to December). Therefore, revenue from electricity sales during the fourth quarter of each harvest is only residual, as was the case in 4Q09.

In 12M10, net revenue from electricity sales increased by 35.6% on a year earlier to R$22.3 million. Sales volume grew by 64.3%, reflecting the longer co-generation period at the Boa Vista Mill in the 2009/10 harvest year.

The price of electricity sales fell 17.5%, impacted basically by the energy spot market.

Other Products and Services

Net revenue from the “Other Products and Services” line totaled R$4.2 million in 4Q10 and R$34.8 million in 12M10, which represented a decrease of 13.5% and an increase of 19.4%, respectively, from the same year-ago periods. This revenue growth in 2009/10 was driven by the higher sales volume of inputs to sugarcane suppliers. In line with its policy of maintaining long-term relationships with its suppliers, the São Martinho Group occasionally buys high quantities of inputs and resells them to suppliers at cost.

INVENTORIES

INVENTORIES	4Q10	4Q09	Chg. (%)
Sugar (tons)	24,356	141,240	-82.8%
Hydrous (m^3)	9,587	31,299	-69.4%
Anhydrous (m^3)	25,579	22,043	16.0%

The lower inventories of hydrous ethanol in 4Q10 versus 4Q09 are directly related to the strategy of accelerating sales in the fourth quarter, due to the start of the harvest in March 2010, which consequently increases product supply.

The substantial reduction in sugar inventories reflects the sales strategy established at the close of the 2008/09 harvest, when the Group focused on selling inventories at prices quoted for March 2009 (with deliveries as of April 2009). As a result, a large share of sales was invoiced only in fiscal year 2010, positively affecting the inventory drawdown in 4Q10 compared with 4Q09.

EBITDA AND EBITDA COST BY PRODUCT

EBITDA BY PRODUCT - 12M10	SUGAR	ETHANOL	OTHER	TOTAL
R$ Thousand				
Net Revenues	582,253	522,838	78,195	1,183,286
COGS (Cash)	(275,812)	(339,924)	(57,763)	(673,499)
Gross Profit (Cash)	306,441	182,914	20,432	509,787
Gross Margin (Cash)	52.6%	35.0%	26.1%	43.1%
Sales Expenses	(46,047)	(15,086)	(321)	(61,453)
G&A Expenses	(35,781)	(43,610)	(8,821)	(88,212)
Other Revenues (Expenses)	-	-	3,572	3,572
EBITDA	**224,613**	**124,218**	**14,862**	**363,694**
EBITDA Margin	**38.6%**	**23.8%**	**19.0%**	**30.7%**
EBITDA Cost (*)	**436.9**	**654.0**	**-**	**-**

(*) Sugar in R$/Ton

Ethanol in R$/$m^3$

In 12M10, sugar accounted for 62% of the Group's consolidated EBITDA, while ethanol and other products accounted for 34% and 4%, respectively. The higher contribution from sugar is directly related to the product's higher profitability in all quarters reported.

In 4Q10, sugar accounted for 73% of the Group's consolidated EBITDA, while ethanol and other products accounted for 26% and 1%, respectively. Sugar EBITDA margin was 44.2% in 4Q10, higher than in 3Q10 (42.8%). This margin expansion was directly related to the better sales price obtained in 4Q10 versus 3Q10 (+21%). However, the positive impact caused by the higher prices was limited by the 18% increase in the EBITDA cost for sugar in 4Q10, which was basically due to the Consecana adjustment made at the end of the period.

Meanwhile, ethanol EBITDA margin stood at 21.9% in 4Q10, representing margin compression of 12.6 percentage points from 3Q10, which mainly reflects the 41.4% increase in EBITDA cost in 4Q10 versus 3Q10. The higher ethanol EBITDA cost is mainly related to the Consecana adjustment and the lower production volume (due to heavy rains), which adversely affected the dilution of fixed product costs.

COST OF GOODS SOLD (COGS)

BREAKDOWN OF COGS - CASH	4Q10	4Q09	Chg. (%)	12M10	12M09	Chg. (%)
R$ Thousand						
Agricultural Costs	161,184	125,588	28.3%	548,370	356,158	54.0%
Suppliers	67,383	57,687	16.8%	246,854	151,987	62.4%
Partnerships	17,221	12,286	40.2%	55,186	31,821	73.4%
Own Sugarcane	76,579	55,615	37.7%	246,330	172,351	42.9%
Industrial	22,732	20,944	8.5%	73,000	57,510	26.9%
Other Products	10,589	10,309	2.7%	52,130	47,762	9.1%
Total COGS	**194,505**	**156,840**	**24.0%**	**673,499**	**461,431**	**46.0%**
TRS Sold ('000 Tons)	455	497	-8.4%	1,906	1,514	25.9%
Unit Cost (Sugar and Ethanol Cash COGS / TRS Sold)	404	295	37.0%	326	273	19.3%

As shown above, Cash COGS in 4Q10 increased by 24.0% or R$37.6 million from 4Q09, mainly due to the higher costs with sugarcane suppliers and land leasing/partnerships resulting from the 25.5% increase in the Consecana price in the period, since sales volume (in TRS equivalent) declined by 8.4% from 4Q09.

SELLING EXPENSES

SELLING EXPENSES	4Q10	4Q09	Chg. (%)	12M10	12M09	Chg. (%)
R$ Thousand						
Port Costs	1,597	1,023	56.1%	7,651	3,968	92.8%
Freight	12,101	7,916	52.9%	50,688	28,373	78.6%
Sales Commission	600	1,055	-43.1%	3,114	2,637	18.1%
Selling Expenses	**14,298**	**9,994**	**43.1%**	**61,453**	**34,979**	**75.7%**
TRS Sold ('000 Tons)	455	497	-8.4%	1,906	1,514	25.9%
% of Net Revenues	4.0%	3.7%	0.3 p.p.	5.2%	4.5%	0.7 p.p.

The increase in selling expenses in 4Q10 from 4Q09 is basically explained by 74.7% growth in sugar export volume.

Exports accounted for 57% of the São Martinho Group's net revenue in the quarter, up from 38% in 4Q09.

The strong increase in selling expenses in 12M10 is related to the growth of 96% in sugar export volume and of 55% in ethanol exports.

GENERAL AND ADMINISTRATIVE EXPENSES

G&A EXPENSES - (CASH*)	4Q10	4Q09	Chg. (%)	12M10	12M09	Chg. (%)
R$ Thousand						
Personnel	6,103	9,653	-36.8%	27,321	31,127	-12.2%
Taxes, Fees and Contributions	1,981	1,998	-0.9%	11,877	11,716	1.4%
Provisions for Contingencies	7,969	4,196	89.9%	17,008	17,539	-3.0%
General Expenses and Third-Party Services	6,227	7,352	-15.3%	21,444	24,457	-12.3%
Management Fee	4,887	1,794	172.4%	10,562	8,472	24.7%
Total General and Administrative Expenses	**27,167**	**24,993**	**8.7%**	**88,212**	**93,311**	**-5.5%**

** Excluding Depreciation and Amortization*

G&A expenses totaled R$27.1 million in 4Q10, up 8.7% from 4Q09, basically due to: 1) the increase in provisions for contingencies (+ R$3.7 million); 2) higher management fees (+ R$3.0 million) due to the payment of variable compensation at the end of the harvest; and 3) inflation in the period.

In 12M10, G&A expenses declined 5.5%, due to the reduction in São Martinho's most important expense lines, namely: Personnel (- R$3.8 million); and General and Outsourcing (- R$3.0 million). The decrease in G&A expenses reflects the measures adopted at the start of the harvest year to improve margins.

EBITDA

EBITDA RECONCILIATION	4Q10	4Q09	Chg. (%)	12M10	12M09	Chg. (%)
R$ Thousand						
Adjusted EBITDA	**120,210**	**77,023**	**56.1%**	**363,694**	**189,792**	**91.6%**
Adjusted EBITDA Margin	33.8%	28.8%	5.0 p.p.	30.7%	24.5%	6.2 p.p.
Non Recurring Operating Revenues (Expenses)	(848)	(27,310)	-96.9%	(3,591)	(58,238)	-93.8%
Non Cash Items Launched in the COGS	-	3,033	n.m.	(6,313)	4,851	n.m.
EBITDA	**121,058**	**101,300**	**19.5%**	**373,598**	**243,179**	**53.6%**
EBITDA Margin	34.1%	37.9%	-3.8 p.p.	31.6%	31.4%	0.2 p.p.
(-) Depreciation and Amortization	(69,357)	(64,221)	8.0%	(261,838)	(202,506)	29.3%
(-) Financial Revenue (Expense), net	(18,643)	(11,845)	57.4%	16,717	(172,489)	n.m.
(=) Operating Income	33,058	25,234	31.0%	128,477	(131,816)	n.m.

Adjusted EBITDA

In 4Q10, the São Martinho Group recorded adjusted EBITDA of R$120.2 million, up 56.1% from 4Q09. The main positive impact was caused by the increases in sugar sales price and volume between the two quarters, as described in the "Net Revenue" section.

In 12M10, sugar sales remained the main item contributing to results, representing 62% of consolidated adjusted EBITDA, compared with only 34% for ethanol. The combination of the increases in sugar sales volume and price of 96% and 30%, respectively, was the main driver of the adjusted EBITDA of R$364 million in 12M10.

HEDGE EBITDA

The São Martinho Group hedged approximately US$229.1 million at an average exchange rate of R$1.8544/US$ for its sugar and ethanol exports in the 2010/11 harvest year through non-deliverable forwards (NDFs) and short-term debt (ACCs).

On March 31, 2010, the marking to market of these transactions generated gains of R$64.7 million in 12M10 and an expense of R$4.6 million in 4Q10.

On the same date, the marking to market of our sugar prices set through derivative instruments (see details in the "Sugar" section below) generated an accounting expense of R$34.9 million in 12M10 and a gain of R$13.4 million in 4Q10.

The table below details the composition of our EBITDA excluding the impacts of these positions at market value on March 31, 2010:

HEDGE EBITDA	1Q10	2Q10	3Q10	4Q10	12M10
R$ Thousand					
Hedge EBITDA	67,880	94,806	101,722	129,068	393,476
Hedge EBITDA Margin	*31.2%*	*33.1%*	*31.4%*	*36.3%*	*33.3%*
Hedge Result - Sugar	(6,683)	(14,011)	(27,645)	13,419	(34,921)
Hedge Result - Currency	30,368	32,315	6,580	(4,561)	64,702
Adjusted EBITDA	44,195	76,502	122,787	120,210	363,694
Adjusted EBITDA Margin	*20.3%*	*26.7%*	*37.9%*	*33.8%*	*30.7%*

U.S. Dollar

On March 31, 2010, the São Martinho Group held a US$140.3 million short position in USD currency futures through non-deliverable forwards (NDFs) at an average price of R$1.8741/US$, with maturities through January 2011.

Sugar

On March 31, 2010, the São Martinho Group held positions in derivatives and prices fixed with clients and in the futures market in the following amounts:

OPTIONS/PRICING	Maturity	Tons	Average Price	Position on 05/20/2010 (*)
Type				
Purchase of "PUT"	**May/10 to Jul/10**	**14,224**	**18.27**	"In-the-money"
Sale of "CALL"	**May/10 to Jul/10**	**14,224**	**21.45**	"Out-of-the-money"
Future Contracts - Sold	**May/10 to Mar/11**	**72,542**	**19.59**	
	10/11 Harvest	72,542	19.59	
Hedging directly with clients (no margin call)	**09/10 and 10/11 Harvest**	**123,602**	**22.31**	
	09/10 Harvest	11,532	27.25	
	10/11 Harvest	112,070	21.81	
Forward Sales (no margin call)	**May/10 to Mar/11**	**289,814**	**20.24**	
	10/11 Harvest	289,814	20.24	
Subtotal I	**2009/10 Harvest**	**11,532**	**27.25**	
Subtotal II	**2010/11 Harvest**	**474,426**	**20.51**	

(*) "Out-of-the-money" – Based on the current price of the futures contract, the option will not be exercised
"In-the-money" – Based on the current price of the futures contract, the option will be exercised

2009/10 Harvest Year – 11,532 metric tons of sugar hedged at an average price of US$27.25 cents/pound, corresponding to approximately 47% of the sugar volume available in inventory in 4Q10.

2010/11 Harvest Year – 474,426 metric tons of sugar hedged at an average price of US$20.51 cents/pound, corresponding to approximately 55% of the sugar production volume estimated for the entire harvest year (860,000 metric tons).

Hedge Accounting – Until February 2010, the Company and its subsidiaries did not adopt the so-called hedge accounting, even though derivatives were used for the purpose of hedging, which means that the corresponding variations in the fair value of derivatives were recorded directly on the income statement under the line "Financial Result". As of March 2010, inclusive, the Company and its subsidiaries began adopting hedge accounting for these derivatives.

Hedge accounting operations are conducted in compliance with the risk policy approved by the management of the Company and its subsidiaries and are regularly subjected to both retrospective and prospective effectiveness tests. Only the portion of derivatives used for hedge protection, which are adequately aligned in terms of terms, amounts and the nature of the risk, as well as duly proven to be effective, have the associated potential results recorded under the specific balance sheet line ("Adjustments to book value"), net of deferred income tax and social contribution tax (potential gain of R$45.8 million in March 2010).

Upon settlement of these cash flow hedge accounting operations, the respective effects are apportioned to the income statement under "Gross sales revenue" in order to minimize undesired variations in the hedge lines.

NET FINANCIAL RESULT

FINANCIAL RESULT	4Q10	4Q09	Chg. (%)	12M10	12M09	Chg. (%)
R$ Thousand						
Financial Revenues	3,418	3,820	-10.5%	8,126	14,811	-45.1%
Financial Expenses	(20,317)	(21,882)	-7.2%	(64,182)	(97,077)	-33.9%
Hedge Result - Sugar	13,419	(1,385)	n.m.	(34,920)	9,579	n.m.
Exchange Variation	(13,843)	9,465	n.m.	113,628	(90,241)	n.m.
Copersucar Monetary Variation	(1,320)	(1,863)	-29.2%	(5,935)	(9,561)	-37.9%
Net Financial Result	**(18,643)**	**(11,845)**	**57.4%**	**16,717**	**(172,489)**	**n.m.**

In 4Q10, the financial result was impacted by a R$13.4 million sugar hedge gain resulting from the sharp drop in international sugar prices, which impacted the marking to market of our sugar futures, forward and options contracts. This gain was offset by the R$13.8 million loss due to the foreign exchange translation of our debt denominated in USD (38% in March 2010) and our short positions in NDFs. Most of this mark-to-market impact was realized and recorded under the Financial Result until February 28, 2010, which is the date on which Hedge Accounting was adopted, as detailed in the previous section.

In 12M10, the main impact came from the foreign exchange translation gain of R$113.6 million. Consequently, the net financial result went from a financial expense of R$172.5 million in 12M09 to financial income of R$16.7 million in 12M10.

OPERATING WORKING CAPITAL

OPERATING WORKING CAPITAL	4Q09	3Q10	4Q10	4Q10 x 3Q10	4Q10 x 4Q09
R$ Thousand					
ASSETS	**394,920**	**585,327**	**331,585**	**253,742**	**63,335**
Accounts receivable	45,544	62,804	41,628	21,176	3,916
Inventories	296,404	447,581	218,183	229,398	78,221
Tax receivable	52,972	74,942	71,774	3,168	(18,802)
LIABILITIES	**120,786**	**157,390**	**132,320**	**(25,070)**	**11,534**
Suppliers	76,150	109,211	74,172	(35,039)	(1,978)
Payroll and social contribution	34,932	35,815	41,546	5,731	6,614
Tax payable	9,704	12,364	16,602	4,238	6,898
WORKING CAPITAL	**274,134**	**427,937**	**199,265**	**228,672**	**74,869**

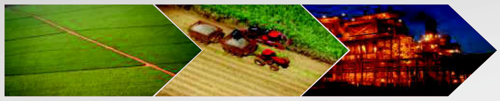
As shown above, in 4Q10, the São Martinho Group invested working capital of R$199.2 million in its operations, which represents a reduction (cash disbursement) of approximately R$74.9 million from 4Q09, basically due to the reduction in inventories of finished products between the two quarters.

NET INCOME (LOSS)

The São Martinho Group recorded net income of R$20.9 million in 4Q10 and of R$93.2 million in 12M10, reversing the net loss of R$71.8 million in the previous harvest year (12M09). The main reasons for this improvement were: 1) the strong growth in sugar sales volume due to the higher production volume in the harvest year; 2) the increase of 29.7% in the average sugar price in BRL; and 3) the increase of 11.5% in the average ethanol price from the previous harvest.

DEBT WITH COPERSUCAR

On March 31, 2010, the São Martinho Group recognized on its balance sheet debt of R$196.2 million with Copersucar. In view of the terms negotiated in the process to terminate the membership at Copersucar, we will continue to book under long-term liabilities in the line “Obligations - Copersucar” all liabilities related to the contingencies currently being resolved judicially that were filed by legal counsel at Copersucar. These obligations continue to be secured by suretyships in the amount of R$155.1 million on a consolidated basis.



INDEBTEDNESS

DEBT	Mar/10	Mar/09	Chg. (%)
R$ Thousand			
PESA	75,859	79,858	-5.0%
Rural Credit	48,020	42,809	12.2%
BNDES / FINAME	461,611	523,396	-11.8%
Working Capital	43,467	32,671	33.0%
ACC (Advances on Foreign Exchange Contracts)	146,979	214,280	-31.4%
PPE (Export prepayment)	178,500	237,706	-24.9%
Others	703	881	-20.2%
Gross Debt	**955,139**	**1,131,601**	**-15.6%**
Cash and Cash Equivalents	130,634	190,063	-31.3%
Net Debt	**824,505**	**941,538**	**-12.4%**
Net Debt ex. PESA	748,646	861,680	-13.1%

On March 31, 2010, the São Martinho Group's consolidated net debt stood at R$824.5 million, representing a reduction of R$117.0 million from a year earlier.

The reduction in net debt reflects the combination of the strong cash position accumulated in 12M10 and the foreign exchange translation gains on our debt denominated in USD. As a result, as the chart below shows, we ended 12M10 with a Net Debt/Adjusted EBITDA ratio of 2.3 times, which is considered a comfortable level for advancing our expansion plan.

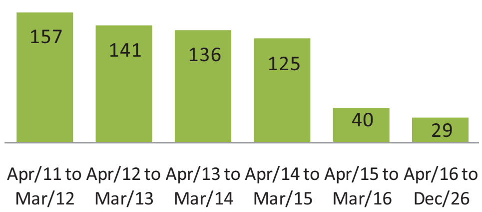
Indebtedness Breakdown

Currency

Term

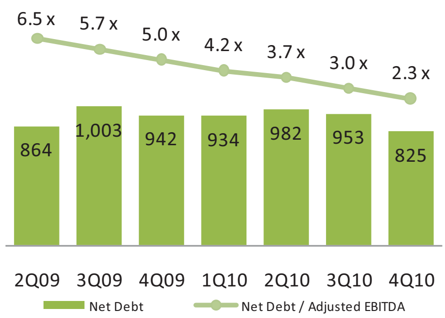
Amortization Schedule

R$ - Million



Net Debt / EBITDA LTM

Evolution



CAPEX

SÃO MARTINHO - CONSOLIDATED	4Q10	4Q09	Chg. (%)	12M10	12M09	Chg. (%)
Capex (maintenance)						
Sugarcane Planting	16,416	30,347	-45.9%	79,256	81,967	-3.3%
Industrial / Agricultural	79,775	63,079	26.5%	115,348	102,158	12.9%
Sub Total	**96,191**	**93,426**	**3.0%**	**194,604**	**184,125**	**5.7%**
Upgrading, Mechanization and Expansion						
Industrial / Agricultural	19,540	-	n.m.	22,116	3,374	555.4%
Other	-	123	n.m.	306	11,120	-97.2%
Sub Total	**19,540**	**123**	**n.m.**	**22,422**	**14,494**	**54.7%**
Boa Vista Mill (Greenfield)						
Sugarcane Planting	11,430	13,099	-12.7%	56,040	63,159	-11.3%
Industrial / Agricultural	6,207	28,447	-78.2%	39,903	195,655	-79.6%
Sub Total	**17,637**	**41,546**	**-57.5%**	**95,943**	**258,814**	**-62.9%**
Total	**133,369**	**135,095**	**-1.3%**	**312,970**	**457,433**	**-31.6%**

The highlight in capital expenditure in 4Q10 compared with 4Q09 was the reduction in expenses with the Boa Vista Mill. In the fourth quarter of fiscal year 2010, disbursements for this mill went to expanding our own sugarcane farms and acquiring agricultural equipment, in particular for harvesting.

Another highlight was the investment of R$18 million allocated to Modernization/ Mechanization/ Expansion related to the investment project approved to provide greater flexibility to sugar production at the São Martinho and Iracema mills, as announced in the material fact published at the end of October 2009.

DISCLAIMER

This document contains forward-looking statements related to the business outlook, operating and financial projections and growth prospects of São Martinho. These statements are merely projections and as such are based exclusively on Management's expectations for the future of the business. These forward-looking statements depend materially on changes in market conditions and the performance of the Brazilian economy, the industry and international markets, and therefore are subject to change without prior notice.

ABOUT SÃO MARTINHO

São Martinho S.A. is one of the largest sugar and ethanol producers in Brazil. In the 2010/11 harvest year, the Group's annual crushing capacity should reach 14.0 million metric tons as a result of the investments made during the 2009/10 season. São Martinho produces sugar and ethanol at three mills: Iracema, São Martinho and Boa Vista. www.saomartinho.ind.br/ir

INCOME STATEMENT

SÃO MARTINHO S.A. - CONSOLIDATED	4Q10	4Q09	Chg. (%)	12M10	12M09	Chg. (%)
R$ Thousand						
Gross Revenue	379,333	300,185	26.4%	1,282,149	867,629	47.8%
Deductions from Gross Revenue	(23,956)	(32,927)	-27.2%	(98,863)	(93,186)	6.1%
Net Revenue	**355,377**	**267,258**	**33.0%**	**1,183,286**	**774,443**	**52.8%**
Cost of Goods Sold (COGS)	(261,092)	(219,805)	18.8%	(916,546)	(637,041)	43.9%
Gross Profit	**94,285**	**47,453**	**98.7%**	**266,740**	**137,402**	**94.1%**
Gross Margin (%)	*26.5%*	*17.8%*	8.8 p.p	*22.5%*	*17.7%*	4.8 p.p
Operating Expenses	**(42,584)**	**(10,374)**	**310.5%**	**(154,980)**	**(96,729)**	**60.2%**
Sales Expenses	(14,298)	(9,994)	43.1%	(61,453)	(34,979)	75.7%
General and Administrative Expenses	(24,794)	(25,645)	-3.3%	(89,882)	(100,176)	-10.3%
Management Fees	(4,887)	(1,794)	172.4%	(9,562)	(8,472)	12.9%
Other Operating Expenses, Net	1,395	27,059	-94.8%	5,917	46,898	-87.4%
Operating Profit, before financial effects	**51,701**	**37,079**	**39.4%**	**111,760**	**40,673**	**174.8%**
Financial Result, Net	**(18,643)**	**(11,845)**	**57.4%**	**16,717**	**(172,489)**	**n.m.**
Financial Revenues	51,833	16,976	205.3%	104,629	52,431	99.6%
Financial Expenses	(61,189)	(32,048)	90.9%	(171,209)	(154,748)	10.6%
Monetary and Exchange Variations - Net	(9,287)	3,227	n.m.	83,297	(70,172)	n.m.
Income (Loss) Before Income and Social Contribution Taxes	**33,058**	**25,234**	**31.0%**	**128,477**	**(131,816)**	**n.m.**
Income Tax and Social Contribution - Current	(12,323)	-	n.m.	(21,014)	(954)	n.m.
Income Tax and Social Contribution - Deferred	165	7,316	-97.7%	(11,181)	54,510	n.m.
Net Income (Loss) Before Minority Interest	**20,900**	**32,550**	**-35.8%**	**96,282**	**(78,260)**	**n.m.**
Minority Interest	-	604	n.m.	(3,086)	6,395	n.m.
Net Income	**20,900**	**33,154**	**-37.0%**	**93,196**	**(71,865)**	**n.m.**
Net Margin (%)	*5.9%*	*12.4%*	-6.5 p.p	*7.9%*	*-9.3%*	n.m.

BALANCE STATEMENT (ASSETS)

SÃO MARTINHO S.A. CONSOLIDATED- ASSETS

R$ Thousand

ASSETS	Mar/10	Mar/09
SHORT-TERM ASSETS		
Cash and Cash Equivalents	130,634	190,063
Accounts Receivable	41,628	45,544
Derivatives Financial Instruments	58,984	6,110
Inventories	218,183	296,404
Recoverable Taxes	71,774	52,972
Other Assets	6,086	10,900
TOTAL SHORT-TERM ASSETS	**527,289**	**601,993**
LONG-TERM ASSETS		
Long-term Receivables		
Related Parties	211	3,424
Deferred Income Tax and Social Contribution	112,147	130,973
Accounts Receivable - Copersucar	4,020	24,092
Recoverable Taxes	47,390	67,578
Other Assets	191	839
	163,959	**226,906**
Investments	3,540	3,482
Fixed Assets	2,548,422	2,481,605
Intangible	37,167	37,887
Deferred	40,177	42,819
TOTAL LONG-TERM ASSETS	**2,793,265**	**2,792,699**
TOTAL ASSETS	**3,320,554**	**3,394,692**

BALANCE STATEMENT (LIABILITIES)

SÃO MARTINHO S.A. CONSOLIDATED- LIABILITIES		
R$ Thousand		
LIABILITIES AND SHAREHOLDERS' EQUITY	**Mar/10**	**Mar/09**
SHORT-TERM LIABILITIES		
Loans and Financing	326,746	401,115
Derivatives Financial Instruments	580	6,269
Suppliers	74,172	76,150
Accounts Payable - Copersucar	2,203	2,203
Payroll and Social Contribution	41,546	34,932
Tax Payable	16,602	9,704
Related Companies	123	3,277
Dividends Payable	6,469	-
Other Liabilities	13,353	25,858
TOTAL SHORT-TERM LIABILITIES	**481,794**	**559,508**
LONG-TERM LIABILITIES		
Loans and Financing	628,393	730,486
Accounts Payable - Copersucar	194,042	216,369
Tax Installments	47,213	8,963
Deferred Income Tax and Social Contribution	224,847	208,477
Provision for Contingencies	39,309	74,127
Other Liabilities	15,538	3,318
TOTAL LONG-TERM LIABILITIES	**1,149,342**	**1,241,740**
MINORITY SHAREHOLDERS	**-**	**18,243**
SHAREHOLDERS' EQUITY		
Capital Stock	360,000	360,000
Capital Reserve	1,068,202	1,117,599
Adjustments to Book Value	45,821	-
Capital Budget Reserve	217,294	99,501
Treasury Shares	(1,899)	(1,899)
TOTAL SHAREHOLDERS' EQUITY	**1,689,418**	**1,575,201**
	-	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**3,320,554**	**3,394,692**

CONSOLIDATED CASH FLOW

SÃO MARTINHO S.A.	12M10
R$ Thousand	
CASH FLOW FROM OPERATING ACTIVITIES	
Net Income in period	**93,196**
Adjustments to reconcile net income to cash generated from operating activities:	
Depreciation and amortization	261,838
Residual cost of fixed assets - write off	3,017
Interest, monetary and foreign exchange variations, net	(27,237)
Recording of provision for contingencies, net	8,008
Deferred income tax and social contribution	11,591
Recording (reversal) of provision for inventory losses	(6,313)
Effects from the enrollment in REFIS - Law 11941	(3,659)
Minority Interest	3,086
Adjustment to present value and others	2,946
(Increase) decrease in operating assets:	
Accounts receivable	3,178
Inventories	79,916
Recoverable taxes	2,833
Related parties	59
Goods for sale	(115)
Derivative instruments	(4,488)
Other assets	25,014
Suppliers	(2,168)
Wages and social contribution	3,932
Tax payable	25,984
Tax installments	(335)
Provision for contingencies	(7,581)
Other liabilities	(378)
Cash from operations:	**472,324**
Interest paid	(39,618)
Income tax and social contribution on net income paid	(21,163)
Net cash provided by operating activities	**411,543**
CASH FLOW FROM INVESTMENT ACTIVIITES	
Investments	(22,460)
Additions to property, plant and equipment, intangible assets and deferred charges	(321,492)
Net cash used in investing activities	**(343,952)**
CASH FLOW FROM FINANCING ACTIVITIES	
Financing - third parties	610,008
Financing (payments) - Copersucar	(26,491)
Financing (payments) - third parties	(692,206)
Payment of dividends and interest on equity	(18,331)
Cash flow from financing activities	**(127,020)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BALANCE	**(59,429)**
Cash and cash equivalents - initial balance	190,063
Cash and cash equivalents - final balance	130,634
	-
ADDITIONAL INFORMATION	
Suppliers payable related to fixed assets acquisition	30,768